

To: Leadership Team, Watertown Court Clerk, Airport Manager
From: Mark Stevens
Date: August 5, 2025
RE: 2026 Budget Kickoff

The Expenditure Restraint Incentive Program (ERIP) provides unrestricted aid to qualifying municipalities that limit growth in spending. Watertown received a distribution of \$439,322 for our 2025 limited increase. The key qualifier is that the budget for the year before the payment has not increased over the prior year's budget by more than an inflation factor plus a valuation factor. Using the latest released inflation rate and valuation estimates, I estimate a maximum increase for the 2026 budget to be 2.87%, approximately \$605,500.

Updates on a few global compensation inputs (75% of our General Fund expenditures):

- Wage increase- I'm working with a recently crafted McGrath costing spreadsheet to implement the new pay grading system, working to incorporate at least a 2.59% CPI adjustment. The overall estimated cost is \$369K.
- Personnel changes- There are requests for about eleven personnel additions. The new position requests weren't approved to be sent out for grade classifications, so we'll do our best to fit these into the payroll schedules. (Unfortunately, most should anticipate being cut during the mayor's budget proposal iteration.)
- Health insurance- It's too early for our Dean renewal to be offered (not enough claims history), but our agent has shared that the recent group renewal rates for Dean are averaging 8.6% (about \$200K estimated increase for General Fund and \$278K city-wide).
FYI, the WI health plan has released the 2026 rates, increases of approx. 13% for State Maint Plan, 19.5% for Dean, and 37% for MercyCare.

Build your 2026 budget proposal with no more than 0% increase for non-compensation accounts (25% of our General Fund expenditures). Provide an explanation in your budget highlight memo if this cannot be accomplished.

Budget Tools:

- **BUDGET TIMELINE** – outlines budgeting process and deadlines. Please note dates in bold print; other dates are informational.
- **2026 MISSION AND OPERATIONAL GOALS [DRAFT]** – incorporate budget requests that align with these goals
- **WATERTOWN ACCOUNTING FUNDS** – explains the purpose of the segregations in our accounting system
- **2026 BUDGET 250731** (spreadsheet) – initial draft that includes prior and current year data to enter on your 2026 budget Request Form
- **CAPITAL IMPROVEMENTS 2026-2030 REV 250731** – the latest version of the Fund 5 capital projects list

Upcoming Dates:

- **Mid-August:** meeting to review projected changes and highlights with the mayor and finance director
- **September 2:** budget proposals due to finance director electronically via SharePoint

Directions:

- Complete a **2026 BUDGET REQUEST FORM** (electronic spreadsheet) for all accounts (both revenue and expense) in your department where you include the past year's results, current year's projection, and the next year's request.

Submit a **separate file for each subcategory** (Example: Police, Police Crossing Guards, Police Dispatch).

Include all **revenue** and **expense** accounts. Add more rows if needed.

Copy contents from **2026 Budget 250731** spreadsheet:

- ✓ 2024 Actual
- ✓ 2025 Budget
- ✓ 2025 YTD Actl thru June 30 (6 months)

Complete these additional columns:

- ✓ **2025 Estimate:** Give a realistic estimate of each account's total at year-end. In many cases, this will be the original 2025 budgeted amount. In some cases, events unknown during last year's budget preparation may lead to anticipated overspending or savings in certain areas.
- ✓ **2026 Request:** amount of request for new budget
- ✓ **Comments:** explanation for what is included in account; include any changes from prior years

Follow naming instructions listed on top of spreadsheet.

- Compile a **DEPT BUDGET HIGHLIGHTS MEMO** (electronic Word document) to provide information on requested additions, significant modifications, or notable deletions. Modifications to staff levels should be included. This document will be available to the Mayor and Finance Committee.

File naming: Use your department name (Example: Police, Street Operations).
- Complete a **2026 CAPITAL REQUEST FORM** (electronic spreadsheet) for each item requested in the 2026 column of the Capital Improvements Projects (CIP) spreadsheet.

Water, Wastewater, Solid Waste and Storm Water – please complete for all major capital items included in the Capital Outlay line of the appropriate fund.

File naming: Begin file name with the 4-digit number found in column B of the CIP file and follow with item name (Example: 54-31 Loader).

- Upload all files into SharePoint > Budget Development > Documents > 2026 > [A\) Department Submissions](#)

Full text of link:

<https://watertownwigov.sharepoint.com/:f:/s/BudgetDevelopment/EjB3zDRJlxZNoONsy91V8CEBJirbJLjuFOFAM4TSw12OsQ?e=ttALTO>

General Fund Budget History

Year	Budget	Increase from Prior Year	
2025	21,084,173	680,239	3.3%
2024	20,403,934	1,046,685	5.4%
2023	19,357,249	985,932	5.4%
2022	18,371,317	582,500	3.3%
2021	17,788,817	329,615	1.9%