



Section A

City Manager Message and Budget Overview



2025-2026
FINAL BUDGET

CITY OF MERCER ISLAND

2025-2026 BIENNIAL BUDGET

The 2025-2026 Budget document serves two distinct purposes:

1. To present the City Council and Mercer Island residents with a clear picture of City services, the funding and cost of those services; and
2. To provide City management with an operating and capital plan that can be implemented and monitored using the City's financial system.

The budget document is divided into six sections:

A. City Manager Message & Budget Overview

In this section, the City Manager transmits the budget document to the City Council and Mercer Island residents in a transmittal letter outlining the budget strategies for the upcoming biennium. The Budget Snapshot provides a high-level summary of the budget, followed by the General Fund summary, personnel, positions by Department, and the overarching budget strategy.

B. Recap by Fund

The City accounts for all its operating and capital activities within different “Funds,” each of which is considered a separate accounting entity with varied rules and requirements. This section is organized by Fund and includes revenues, expenditures, and fund balances.

C. Revenue Sources

This section focuses on the City’s major revenue sources, providing useful background information, historical data, and 2025-2026 projections.

D. Operating Budget by Department

This section distills the City’s operations by department. Each department sub-section is organized to include a department description, organizational chart, work plan, and revenue and expenditure summaries for the upcoming biennium.

E. Capital Improvement Program

The Capital Improvement Program (CIP) encompasses all planned capital projects for a six-year period (2025-2030), with the first two years proposed as part of the 2025-2026 Budget. This section is organized into six subsections:

1. Introduction
2. Program Summary
3. Individual Project Sheets
4. Capital Program by Funding Source

F. Appendix

The section provides information about this history of Mercer Island, a glossary of budget related terms, and an explanation on accounting and budgeting.

CITY MANAGER'S MESSAGE

September 25, 2024

Honorable Mayor and Members of the City Council
Members of the Mercer Island Community

Dear City Councilmembers and Community:

It is my privilege to present a balanced and strategic two-year budget for the City of Mercer Island. While market fluctuations and high inflationary pressure continue nationally and across the globe, Mercer Island is fortunate to stand in a sound financial position due to the prudent investment of federal funds, completion of major policy initiatives, and careful year-over-year fiscal management. These efforts paved the way for a sustainable and efficient City budget.

The City's \$7.2 million award of American Rescue Plan Act (ARPA) funds were largely invested in critical public infrastructure improvements, continuing support for mental health and counseling services, and restarting recreation services. ARPA funds are on track to be fully spent by the end of 2024.

The City Council's effective leadership afforded strategic new opportunities for Mercer Island. The partnership with Eastside Fire and Rescue enhanced fire and emergency medical services and reduced administrative burdens on the City. The Cost Allocation Policy adopted by the City Council and stewarded by the Finance Ad Hoc Committee is already allowing the City to more effectively recover the cost of services provided to partner jurisdictions.

The Finance Ad Hoc Committee also worked closely with staff to establish a new compensation plan and the first-ever position classification system and salary schedule for non-represented employees. These major policy achievements position the City to protect its financial position and attract and retain its most valued resource – its public servants.

The Comprehensive Plan Periodic Update will guide land use, transportation, housing, economic development, and environmental decisions in the decade ahead. This community-wide effort to update the City's long-term vision for growth and development will be completed in November this year.

Budget Assumptions and Financial Forecast

The 2025-2026 biennial budget revenue forecast considers recent economic trends on the local, statewide, and national levels, including changes to inflation rates and the Federal Reserve federal funds rate. Most of the City's revenues assume a return to normal market conditions and reduced inflation and are projected to show moderate growth over the next few years. Real Estate Excise Tax (REET) revenues, which support critical infrastructure investments, reached new lows during the 2023-2024

City Manager's Message

biennium. However, most economic indicators signal that the worst appears to be behind the Island's real estate market as interest rates begin to decline and property values remain high.

City leadership conducted a thoughtful review of current operations and set forth goals that build upon recent achievements and harness the momentum of the previous biennia. These include a continued focus on major infrastructure investments, sustaining critical Youth and Family Services programs, comprehensive planning for Town Center, and protection of the natural environment.

AREAS OF FOCUS

By design, the two-year budget sets priorities as identified through operational processes, community engagement, and City Council feedback while preparing the City to respond to a constantly evolving environment. Several initiatives staff will be executing during the 2025-2026 budget period, listed below, are reiterated throughout department work plan goals and objectives. These initiatives are among the City's highest priorities.

Facilities and Infrastructure

Making once-in-a-generation investments to update and modernize aging facilities is a critical priority. Staff and the City Council are exploring every possible opportunity to safely house City operations after the unanticipated closure of City Hall in 2023. Seismic and safety retrofits to sustain the Public Works Administrative Building are underway while design work has begun for a future public safety and maintenance building.

Aside from the Community and Event Center and Fire Stations, most of the City's buildings are approaching the end of their useful lives and require replacement or significant reinvestment. The City Council has been swift to respond. Shortly after the closure of City Hall, the Council established a Municipal Facility Replacement Fund with a \$10,000,000 funding target to help address future facility needs. Within ten months, nearly \$3,000,000 has been committed to the fund, facilitated by higher than anticipated interest earnings.

Inherent in the budget strategy is the goal to clearly lay out future facility needs and identify fiscally prudent ways in the near- and long-term to meet them. Similarly, the Island's parks, open spaces, streets, and utility systems are undergoing generational levels of reinvestment.

The 2022 Parks Levy renewed funding for the operation and maintenance of City parks, athletic facilities, and open spaces while adding new funding for the replacement of Island playground structures and the completion of most of the remaining Pioneer Park Forest Management Plan projects.

We are in the early stages of this critical period of infrastructure reinvestment and there is still significant work ahead. A competitive low-interest loan from the Washington State Public Works Trust Fund provided critical funding for major investments in the City's water distribution system. The City Council and staff are working together to maintain and enhance the City's infrastructure to ensure continued and quality service for the next generation and beyond.

City Manager's Message

Supporting Youth and Family Services

The Youth and Family Services Department has provided community- and school-based mental health services to the Mercer Island community for decades. These services are generously supported by the Mercer Island Youth and Family Services Foundation, the many volunteers and customers of the Mercer Island Thrift Shop, and the community as a whole.

With one-time federal dollars set to expire at year-end, an annual operating structural deficit of nearly \$700,000 begins in 2025, despite the Thrift Shop reaching revenue targets and returning operations akin to pre-pandemic levels.

Staff is competing for every regional, state, and federal grant opportunity for youth and community mental health services. This work will continue into the next biennium.

To bridge the next two-year budget gap, the funding strategy includes use of General Fund resources and operating reserves in the Youth and Family Services Fund. This investment affords us time to further develop and commit to a financial plan that sustainably funds Youth and Family Services beyond 2026.

2025-2026 BUDGET

Across all Funds, the 2025-2026 Expenditure Budget is \$109.2 million in 2025 and \$112.8 million in 2026. This includes resources for diverse services, projects, and activities provided by the City for investments in public safety, quality of life, infrastructure, transportation, and organizational and development-related services.

The General Fund and the City's Enterprise Funds make up the two largest components of the biennial budget. Much of the balancing work is centered on the General Fund which houses most municipal services. The General Fund expenditure budget is \$37.2 million in 2025 and \$38.7 in 2026. The General Fund is balanced over the next biennium and positioned to meet continued operational needs.

On average, General Fund expenditures are projected to increase 4.7%, while revenues are projected to increase 3.2%, which is largely due to sustained inflation over the past decade. While this presents a budget challenge, the City's current fiscal health and reserves provide time to consider courses of action.

The Enterprise Funds – which include the Water, Sewer, and Storm Water Funds – combined expenditure budget is \$42.9 million in 2025 and \$46.1 million in 2026. Capital improvements over the past two years have accelerated, drawing down fund balances and, for the Water Fund, required the sale of bonds to pay for critical long-term improvements to enhance the water distribution system. Resources are on track to keep pace with operational and infrastructure needs.

The newly established Development Services Fund accounts for all revenues and expenditures tied to development services and permitting. This fund is balanced with \$4.1 expenditures in 2025 and \$4.3 in 2026. The fund's operating reserve to support the Community Planning and Development Department during economic downturns is projected to be \$1.3 going into the next biennium.

City Manager's Message

CONCLUSION

The biennial budget supports everything we do at the City. It's built upon significant progress and a sustained practice to enhance City services and operations with each biennium. City staff is committed to carrying out the City Council's direction encompassed in the budget.

I am confident this blueprint will lead us well in carrying out major investments in our community and sustaining our core services as we set a course for the next two years, and beyond.

Thank you,

Jessi Bon
City Manager
City of Mercer Island

BUDGET OVERVIEW

This section provides an overview of the 2025-2026 Budget for the City of Mercer Island, including summary detail and changes that have occurred since the last budget. The budget overview section is divided into seven sub-sections:

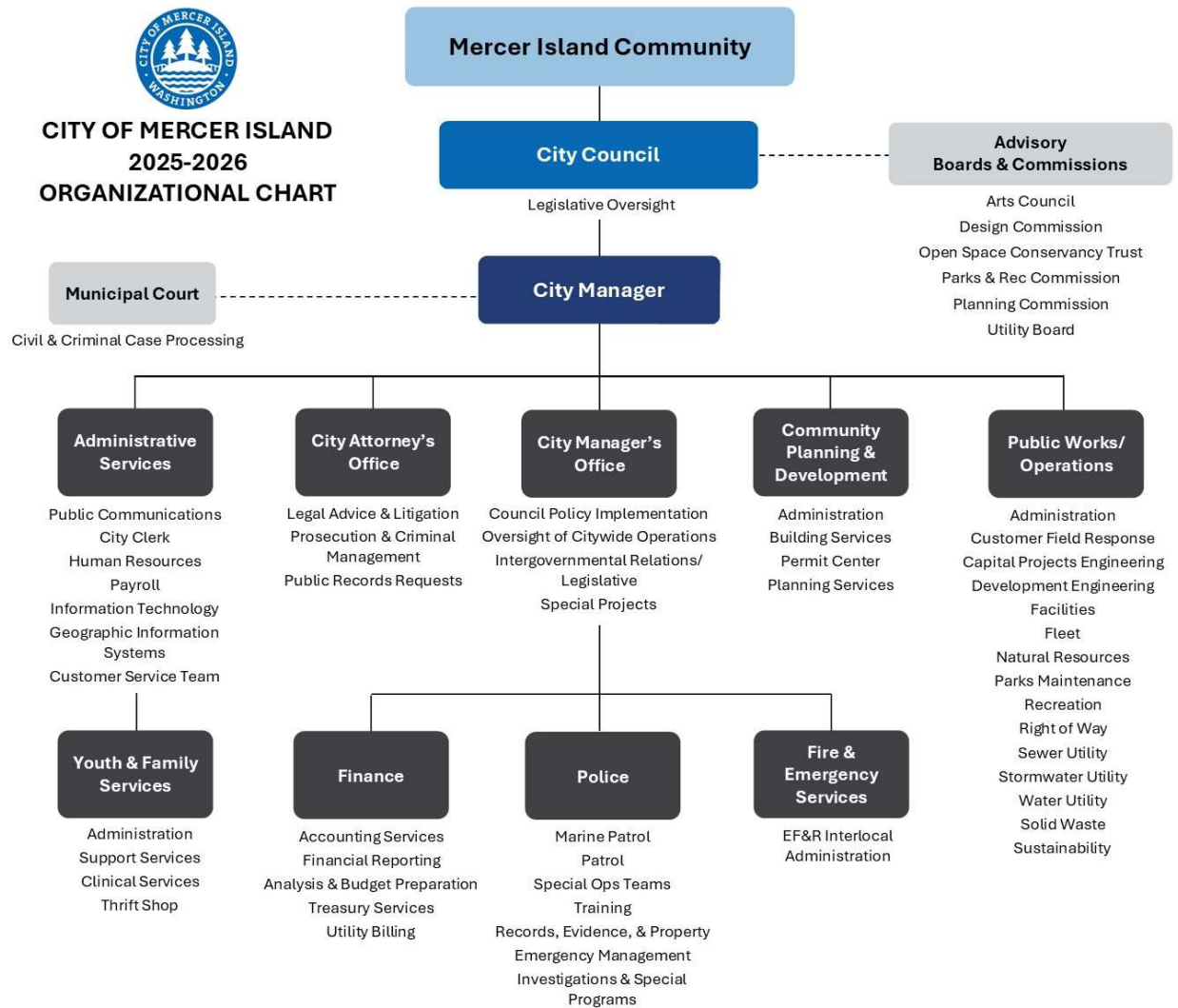
1. City Organization – *how the City is organized.*
2. Budget Strategy – *approach to building the budget.*
3. Budget Snapshot – *overview of revenues and expenditures for all funds.*
4. Staffing – *who provides the services.*
5. Utility Rates – *overview of utility rates.*
6. City Debt – *purpose and status of City debt.*
7. General Fund at a Glance – *high level information about the General Fund.*

For a more in-depth understanding of the budget, continue to the more detailed information found in the *Recap by Fund*, *Revenues*, *Operating Budget by Department*, and *Capital Improvement Plan* sections.

City Organization

The City of Mercer Island has a Council-Manager form of government. In this form, the City Council, comprised of seven elected members, hires a City Manager to serve as the Chief Executive Officer of the City. The City Manager reports directly to the City Council and implements adopted policies. City Council members listen to their constituents, the Mercer Island residents, and receive recommendations on policy matters from the Council-appointed Boards and Commissions.

Managing the day-to-day activities of the City is the responsibility of the City Manager who oversees the nine departments shown on the chart on the following page. For a description of the functions supported by these departments, see Section D (*Operating Budget by Department*) of the budget document.



Budget Overview

Budget Strategy

The 2025-2026 Budget reflects a measured approach to planning for the next biennium. The overall budget strategy uses one-time resources as a bridge to the next biennium while supporting actions to strengthen the City's financial position. Staffing levels remain on par with prior years to tackle a robust work plan that sustains current service levels and commits to significant reinvestment in the City's aging infrastructure. Overall, this two-year budget:

- Maintains core municipal operations and services.
- Funds once-in-a-generation levels of reinvestment in the City's infrastructure.
- Identifies opportunities and resource needs to rehouse City operations.

There is significant work ahead for the capital program. The City will plan for a new civic facility to house Police and Public Works, will replace key components of the water distribution system and sewer conveyance system, while making notable improvements to parks, stormwater, transportation, and facilities. These investments will serve the community for decades to come.

Long-Term Financial Forecast

The City's Biennial Budget is informed by a six-year forecast completed for each of the City's funds. The General Fund forecast serves as a risk assessment tool that contemplates the impact of economic conditions on the City's budget. The forecast accounts for several factors that influence the City's anticipated revenues and expenses, including changes in fiscal and monetary policy, regional socioeconomic pressures, and impacts to the state and national economy.

The six-year forecast incorporates the City Council's adoption of the new compensation plan for non-represented employees, along with baseline increases tied to collective bargaining agreements for salary and benefits, and healthcare costs. The long-term forecast is presented to the City Council for review and consideration annually, and more often when circumstances warrant.

Budget Overview

Fund Summary

Total revenues and total expenditures by fund for the period 2023-2026 are summarized in the tables below.

Summary of Revenues by Fund for 2023-2026

Fund No.	Description	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
001	General Fund	\$ 41,669,934	\$ 49,227,661	\$ 37,769,863	\$ 38,676,518
037	Self Insurance Fund	5,250	10,000	10,000	10,000
061	Youth Service Endowment Fund	-	-	-	-
Subtotal General Purpose Funds		\$ 41,675,184	\$ 49,237,661	\$ 37,779,863	\$ 38,686,518
104	Street Fund	\$ 4,656,974	\$ 10,431,113	\$ 5,495,896	\$ 4,902,902
130	Contingency Fund	522,423	65,712	-	-
140	1% For the Arts Fund	53,522	55,060	15,000	15,000
160	Youth and Family Services Fund	3,665,938	3,827,062	3,876,503	4,110,833
170	ARPA Fund	1,269,695	4,768,466	-	-
180	Development Services Fund	-	1,285,678	4,200,890	4,340,046
Subtotal Special Revenue Funds		\$ 10,168,551	\$ 20,433,091	\$ 13,588,289	\$ 13,368,781
208	Bond Redemption (Voted)	\$ -	\$ -	\$ -	\$ -
239	Bond Redemption (Non-Voted)	142,800	-	-	-
Subtotal Debt Service Funds		\$ 142,800	\$ -	\$ -	\$ -
342	Town Center Parking Facilities	\$ -	\$ -	\$ -	\$ -
343	Capital Improvement Fund	3,769,437	12,410,165	10,883,279	9,554,202
345	Technology and Equipment Fund	598,201	745,650	650,000	395,922
350	Municipal Facility Replacement Fund	579,808	2,400,000	168,773	-
Subtotal Capital Funds		\$ 4,947,446	\$ 15,555,815	\$ 11,702,052	\$ 9,950,124
402	Water Fund	\$ 14,800,193	\$ 41,384,539	\$ 22,960,080	\$ 25,162,916
426	Sewer Fund	12,231,315	16,221,157	15,096,406	16,359,832
432	Storm Water Fund	2,801,701	3,791,758	4,849,750	4,622,520
Subtotal Enterprise Funds		\$ 29,833,209	\$ 61,397,454	\$ 42,906,236	\$ 46,145,268
503	Equipment Rental Fund	\$ 1,890,928	\$ 2,705,569	\$ 3,355,378	\$ 3,802,523
520	Computer Equipment Fund	1,389,824	1,558,736	1,705,225	1,785,733
Subtotal Internal Service Funds		\$ 3,280,751	\$ 4,264,305	\$ 5,060,603	\$ 5,588,256
606	Firefighters Pension Fund	\$ 118,630	\$ 130,267	\$ 137,000	\$ 145,000
Subtotal Trust Funds		\$ 118,630	\$ 130,267	\$ 137,000	\$ 145,000
TOTAL REVENUES		\$ 90,166,571	\$ 151,018,592	\$ 111,174,043	\$ 113,883,946

Budget Overview

Summary of Expenditures by Fund for 2023-2026

Fund No.	Description	2023 Actual	2024 Forecast	2025 Budget	2026 Budget
001	General Fund	\$ 36,250,251	\$ 43,638,774	\$ 37,233,739	\$ 38,676,518
010	Self Insurance Fund	-	10,000	10,000	10,000
	Subtotal General Purpose Funds	\$ 36,250,251	\$ 43,648,774	\$ 37,243,739	\$ 38,686,518
110	Street Fund	\$ 4,532,541	\$ 10,431,113	\$ 5,495,896	\$ 4,902,902
130	Contingency Fund	217,725	-	-	-
140	1% For the Arts Fund	53,521	45,060	15,000	15,000
160	Youth and Family Services Fund	3,234,791	3,511,053	3,876,503	4,110,833
170	ARPA Fund	1,269,695	4,768,466	-	-
180	Development Services Fund	-	-	4,104,376	4,334,220
	Subtotal Special Revenue Funds	\$ 9,308,274	\$ 18,755,692	\$ 13,491,775	\$ 13,362,955
210	Bond Redemption (Voted)	\$ -	\$ -	\$ -	\$ -
220	Bond Redemption (Non-Voted)	142,758	-	-	-
	Subtotal Debt Service Funds	\$ 142,758	\$ -	\$ -	\$ -
310	Town Center Parking Facilities	\$ -	\$ -	\$ -	\$ -
320	Capital Improvement Fund	3,337,179	12,410,165	10,883,279	9,554,202
330	Technology and Equipment Fund	598,201	745,650	493,000	355,931
350	Municipal Facility Replacement Fund	-	-	-	-
	Subtotal Capital Project Funds	\$ 3,935,380	\$ 13,155,815	\$ 11,376,279	\$ 9,910,133
410	Water Fund	\$ 14,800,192	\$ 34,495,488	\$ 22,960,080	\$ 25,162,916
420	Sewer Fund	12,231,315	16,221,157	15,096,406	16,359,832
430	Storm Water Fund	2,710,827	3,791,758	4,849,750	4,622,520
	Subtotal Enterprise Funds	\$ 29,742,335	\$ 54,508,403	\$ 42,906,236	\$ 46,145,268
510	Equipment Rental Fund	\$ 1,379,115	\$ 2,200,428	\$ 2,536,727	\$ 3,003,139
520	Computer Equipment Fund	1,140,546	1,316,488	1,463,979	1,544,174
	Subtotal Internal Service Funds	\$ 2,519,661	\$ 3,516,916	\$ 4,000,706	\$ 4,547,313
610	Firefighters Pension Fund	\$ 111,833	\$ 130,267	\$ 137,000	\$ 145,000
	Subtotal Trust Funds	\$ 111,833	\$ 130,267	\$ 137,000	\$ 145,000
	TOTAL EXPENDITURES	\$ 82,010,491	\$ 133,715,867	\$ 109,155,734	\$ 112,797,187

Staffing

The following chart shows the number of Full Time Equivalent (FTEs) and Limited Term Equivalent (LTEs) positions in 2019-2026. Limited Term Equivalent employees are hired when there is a short-term need for a position. LTEs are just like regular FTEs, except their positions are anticipated to be time limited. For the upcoming biennium, staffing levels will remain unchanged, except that fire services are now provided under contract with Eastside Fire and Rescue. The City also utilizes casual labor and consultants/contractors to support operations and special projects.

Position History by Department

Full Time Equivalents (FTEs)	2019	2020	2021	2022	2023	2024	2025	2026
Administrative Services		3.00	3.00	4.70	4.70	4.70	4.70	4.70
Human Resources	3.00	3.00	3.50	4.00	4.00	4.00	3.50	3.50
Information & Geographic Services	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00
City Attorney's Office	3.30	3.30	2.30	2.30	2.30	2.30	2.30	2.30
City Manager's Office	5.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Community Planning & Development	20.40	20.40	14.00	18.00	18.00	18.00	18.00	18.00
Finance	7.00	7.00	8.00	9.00	9.00	9.00	9.00	9.00
Fire	32.00	32.00	32.00	31.50	31.50	31.50	-	-
Municipal Court	3.30	3.30	3.30	3.30	3.10	3.10	3.10	3.10
Police	35.50	35.50	35.50	37.50	37.50	37.50	37.50	37.50
Public Works								
Capital and Engineering	5.00	5.00	14.05	14.05	16.05	15.05	16.45	16.45
Support Services/Administration	8.00	8.00	14.80	14.80	14.80	14.80	13.65	13.65
Right of Way	4.50	4.50	4.35	4.35	4.35	4.35	4.35	4.35
Utilities	16.50	16.50	19.25	19.25	19.25	19.25	19.25	19.25
Park Maintenance			10.35	10.35	10.35	10.35	10.30	10.30
Parks & Recreation	25.75	25.75	0.75	10.25	10.25	10.25	10.25	10.25
Youth & Family Services	15.63	14.68	13.23	13.43	13.43	13.43	14.93	14.93
Total FTEs	191.88	191.93	187.38	205.78	207.58	206.58	176.28	176.28
Limited Term Equivalents (LTEs)	2019	2020	2021	2022	2023	2024	2025	2026
Administrative Services / Human Resources	-	-	-	2.00	1.00	-	1.00	1.00
City Manager / Non-Departmental	0.50	0.50	-	1.00	0.50	-	1.00	1.00
Community Planning & Development	4.50	4.50	1.00	1.50	-	-	2.00	2.00
Public Works	1.80	1.80	-	3.00	3.00	3.00	4.75	4.75
Parks & Recreation	3.05	3.05	2.00	-	-	-	-	-
Youth & Family Services	11.24	13.24	1.60	10.53	10.53	9.70	9.33	9.33
Total LTEs	21.09	23.09	4.60	16.03	15.03	12.70	18.08	18.08
Total FTEs & LTEs	212.97	215.02	191.98	221.81	222.61	219.28	194.36	194.36

Utility Rates

The Water, Sewer, and Stormwater Funds are completely self-supporting utilities that are operated like a not-for-profit enterprise. They are primarily funded by customer charges, not taxes. The City purchases its water from the City of Seattle as do many neighboring communities. The Wastewater Treatment

Budget Overview

Division of King County provides treatment for all the sewage in the King County area, including Mercer Island.

The 2023-2024 adopted, and 2025-2026 proposed bi-monthly utility charges for water, sewer, storm water, and Emergency Medical Services (EMS) are broken down in the table below for a typical single family residential customer. This table excludes utility taxes, which are a General Fund revenue source.

Utility Rate Component	2023 Adopted	2024 Adopted	2025 Proposed	2026 Proposed	\$ Change 2025	\$ Change 2026	% Change 2025	% Change 2026
Water	\$132	\$143	\$154	\$166	\$11.40	\$12.31	8.00%	8.00%
Sewer Maintenance (City)	\$65	\$68	\$71	\$75	\$3.08	\$3.22	4.50%	4.50%
Sewer Treatment (King County)	\$104	\$110	\$117	\$125	\$6.34	\$8.16	5.75%	7.00%
Storm Water	\$43	\$46	\$50	\$54	\$3.71	\$4.01	8.00%	8.00%
EMS (estimate)	\$10	\$12	\$12	\$13	\$0.67	\$0.46	5.81%	3.75%
Total	\$355	\$379	\$404	\$432	\$25.20	\$28.16	6.6%	7.0%

City Debt

The City has issued a modest amount of debt over the years, maintaining a sizable debt capacity and consistently following a conservative fiscal management policy. This is reflected in the highest possible bond rating from Moody's: Aaa ("triple A") rating on the City's unlimited tax general obligation (UTGO), or voted, bonds and limited tax general obligation (LTGO), or non-voted (i.e., Councilmanic) bonds. A high bond rating enables a city to secure lower interest rates, thereby reducing debt service costs.

The City can issue five types of debt which have legal limits set by the State. The five types of debt include: voted and non-voted general obligation bonds, revenue bonds, lease debt, and loans. For the purposes of the legal limit debt calculations, leases and loans are included with the non-voted general obligation debt limits. A schedule of all the City debt classified by type is included later in this section.

Voted Debt

Voted debt must be approved by registered voters via a ballot measure, with an additional (i.e., excess) property tax levy dedicated to paying the annual debt service costs. Voted debt has typically been used to fund large public buildings and to buy land or open space. The City currently has no outstanding voted debt.

Non-Voted Debt

Non-voted debt must be approved by the City Council, with the general tax revenues of the City used to pay the annual debt service costs. Non-voted debt includes bonds, loans, and lease obligations of the City. The active issues are described below:

- 2011 LTGO First Hill Water Improvements**
 In 2011, the City issued \$1.5 million in LTGO bonds to fund a portion of a water system improvements project in the First Hill neighborhood. Water utility rates are being used to repay the long-term debt. The total principal outstanding at the end of 2026 will be \$395,000.
- 2018 Fire Apparatus Lease (Enforcer Pumper)**
 In 2018, the City Council authorized the purchase of an Enforcer Pumper Fire Truck from Pierce Manufacturing through a 9-year lease purchase financing agreement with Municipal Asset Management for \$732,778. The total principal outstanding at the end of 2026 will be \$93,500.

- **2024 Water System Improvements**

In 2024, the City plans to issue up to \$29 million in limited tax general obligation bonds to fund improvements to the City's aging water distribution system. The City considers projects that have at minimum a 20-year useful life and can be completed within the next three fiscal years as attractive candidates to fund with debt. Project examples that meet these criteria include Water System Improvements, Pressure Reducing Valve Station Replacements, and the Asbestos Cement Main Replacements, among others. Water utility rates are being used to repay long-term debt. Estimates for the total outstanding balance at the end of 2024 may be as high as \$29,000,000, with an estimated average annual debt service payment of \$2,006,000.

Public Work Trust Fund Loans

In addition to the above debt, the City has two outstanding long-term low-interest loans from the Public Works Trust Fund. The first is a \$6.6 million loan from 2005 used to fund a sewer lake line maintenance project. The second is a \$3.3 million loan from 2023 that paid for the booster chlorination system in the water utility.

Public Works Trust Fund loans are low-interest loans (about 1% interest) administered through the State of Washington Department of Commerce. In 1985, the state legislature made provisions for this program using the Public Works Assistance Account, which is funded by the Motor Vehicle Excise Tax (MVET) collected by the State. To qualify, jurisdictions are required to:

1. Impose the ¼ of one percent real estate excise tax.
2. Have developed a long-term plan for financing Public Works' needs.
3. Use all local revenue sources which are reasonably available for funding public works.
4. Have an adopted comprehensive plan.

By July 2026, the sewer lake line maintenance project loan will be fully paid down and \$2.9 million in outstanding principal will remain for the booster chlorination system loan.

Budget Overview

General Fund at a Glance

Fiscal Year 2025 General Fund

Revenues **\$37.77 million**

Expenditures **\$37.23 million**

Fiscal year 2025 General Fund revenues are projected to be \$37.7 million, which is \$1.63 million, or 4.5%, more than the fiscal year 2024 forecasted actual.

The City receives its General Fund revenues from a variety of revenue sources. Property Taxes, which account for 37.3% of revenues in 2025, are the largest revenue source by a wide margin at \$13.96 million. Sales Tax and Business & Utility Taxes are the second and third largest sources at \$7.64 million and \$5.73 million, or 20.4% and 15.3% of total revenues, respectively.

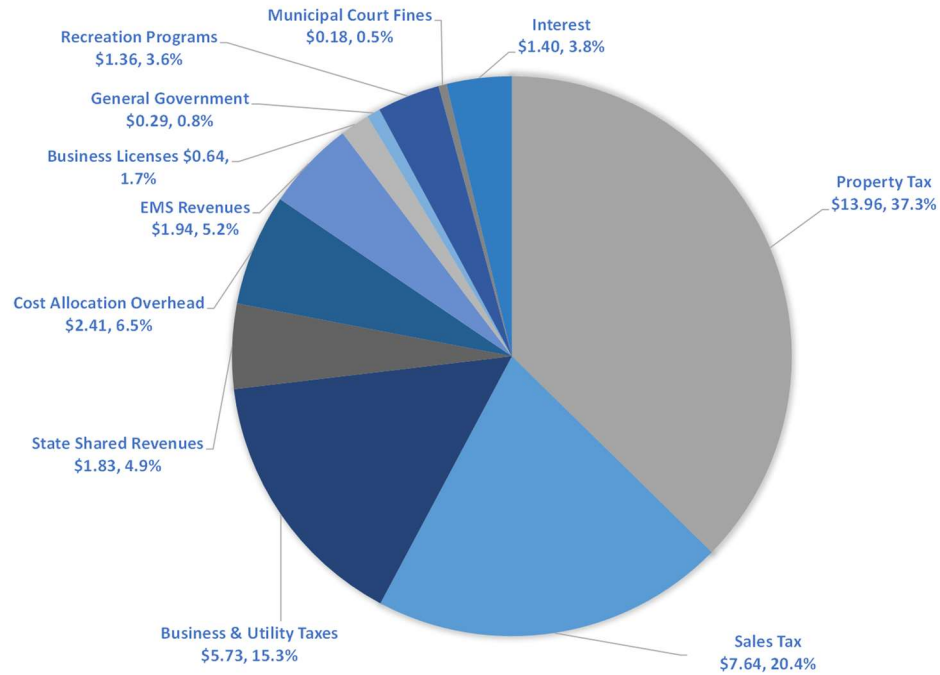
General fund expenditures for fiscal year 2025 are projected at \$37.23 million. Salaries & Wages and Benefits collectively account for 47.2%, or \$17.40 million of total expenditures.

Expenditures are also broken down by respective departments in the table above.

EXPENDITURES Description	2025 Budget
Administrative Services	\$ 1,203,941
Human Resources	874,188
Information & Geographic Services	203,983
City Attorney's Office	1,078,131
City Council	60,626
City Manager's Office	756,734
Finance	1,502,600
Fire and EMS	8,851,380
Municipal Court	694,875
Non-Departmental/Intergovernmental	4,402,534
Public Works/Operations	5,799,178
Parks and Recreation	2,313,817
Police	9,491,752
Total Budgeted Expenditures	\$ 37,233,739

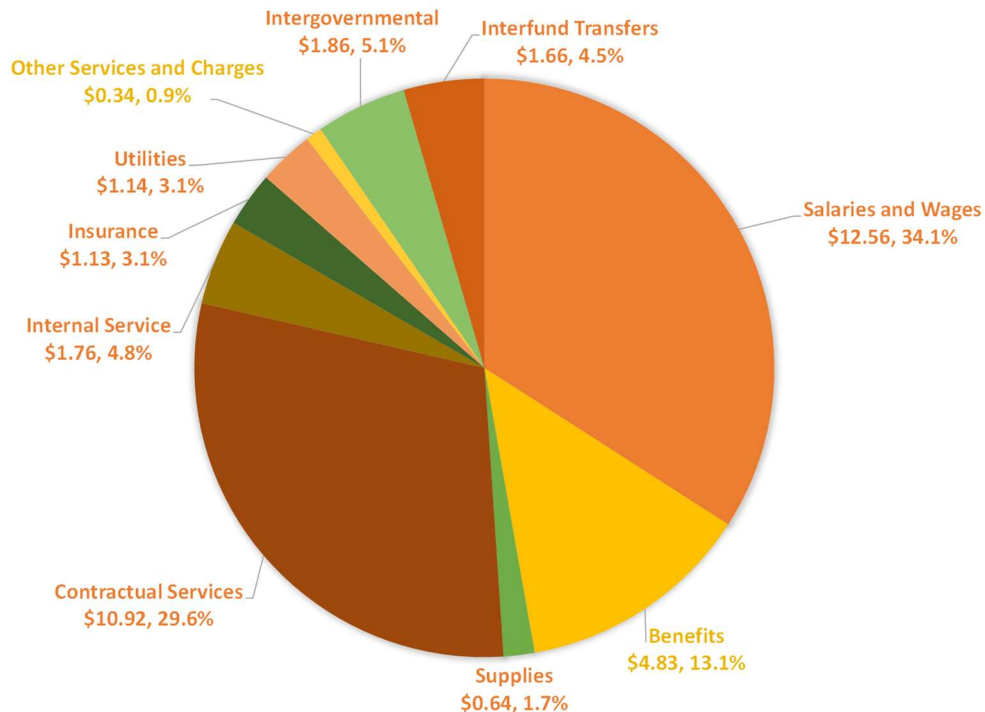
Where does the money come from?

2025 General Fund Revenues Total: \$37.77 (in millions)



Where does the money go?

2025 General Fund Expenses Total: \$37.23 (in millions)



Budget Overview

Fiscal Year 2026 General Fund

Revenues **\$38.67 million**

Expenditures **\$38.67 million**

Fiscal year 2026 General Fund revenues are projected to be \$38.56 million, or 7.8%, above fiscal year 2024 projected year-end revenues.

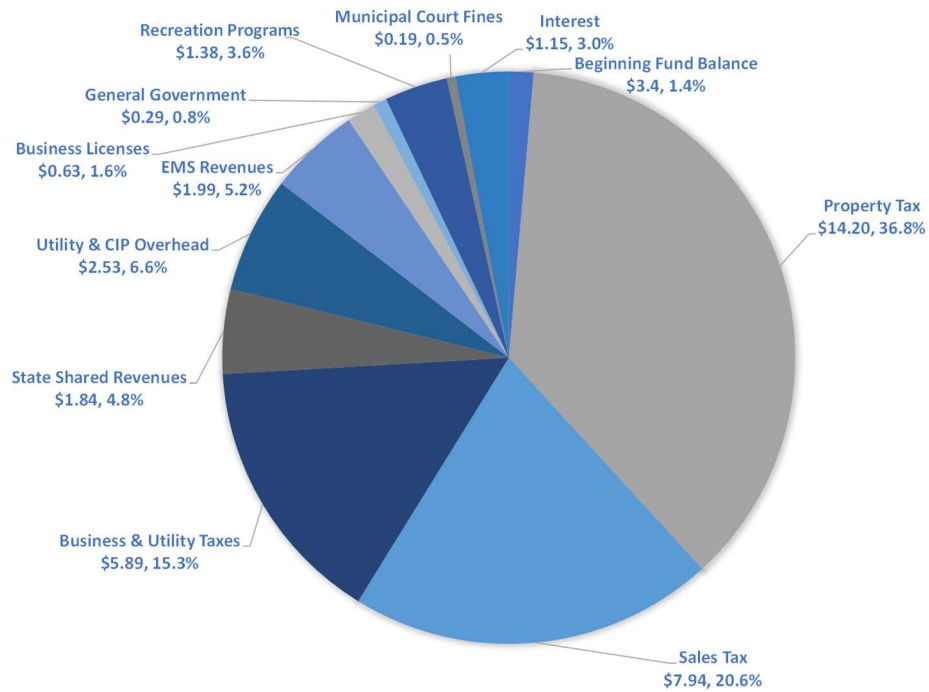
The General Fund expenditure budget for 2026 is \$38.67 million. General Fund expenditures increase 3.9% compared to the 2025 expenditure budget primarily due to cost-of-living adjustments in salaries & wages and market adjustments in benefits.

Expenditures are broken down by their respective departments in the table shown to the right.

EXPENDITURES		2026
Description		Budget
Administrative Services	\$	1,313,100
Human Resources		900,046
Information & Geographic Services		215,646
City Attorney's Office		1,114,022
City Council		61,123
City Manager's Office		802,408
Finance		1,530,964
Fire and EMS		9,269,259
Municipal Court		727,664
Non-Departmental/Intergovernmental		4,342,891
Public Works/Operations		6,050,430
Parks and Recreation		2,423,758
Police		9,925,207
Total Budgeted Expenditures		\$ 38,676,518

Where does the money come from?

2026 General Fund Revenues Total: \$38.67 (in millions)



Where does the money go?

2026 General Fund Expenses Total: \$38.67 (in millions)

