

The FISCAL YEAR 2026/27 BUDGET PREPARATION

A. BUDGET PREPARATION SCHEDULE

Initial activities related to preparing the Fiscal Year 2026/27 budget are underway. The direction provided today by the Council will be incorporated into the budget draft. Staff will present a draft budget to the Council and the public at a budget workshop in June. The further direction provided at the workshop will be incorporated into a "Final" budget that will be presented to the Council for consideration of adoption in June. The complete budget calendar is provided below:

SCHEDULE FOR DEVELOPMENT OF FY 2026/27 BUDGET	
ACTIVITY	DEADLINE
FINANCE PROVIDES BUDGET SPREADSHEETS TO DEPARTMENTS AS WELL AS INSTRUCTIONS RE: NARRATIVES & CAPITAL PROJECTS (INCLUDING INTERNAL SERVICE FUNDS, GRANTS, DDAs)	3/1/2026
MID-YEAR PERFORMANCE BUDGET REVIEW WITH COUNCIL (5:30PM)(COMMUNITY INPUT)	3/30/2026
FINANCE PROVIDES INITIAL REVENUE FORECASTS TO CM (ALL REVENUE SOURCES, AND FUNDS)	4/15/2026
DEPTS SUBMIT PROPOSED DEPARTMENTAL EXPENSE BUDGETS AND NARRATIVES TO FINANCE	4/15/2026
PW & CDD SUBMIT COMPLETED BUDGET SECTIONS FOR GRANTS AND CAPITAL PROJECTS	4/20/2026
HR PROVIDES PAYROLL PROJECTIONS INCLUDING BENEFITS	4/20/2026
CM & FINANCE MEET WITH ALL DEPTS; REVIEW APPROPRIATIONS REQUESTS	4/15/2026 thru 5/1/2026
CM & FINANCE FOLLOW UP MEETING CIP	5/6/2026
FINANCE POSTS REVISED BUDGET WORKSHEETS IN BUDGET FOLDER;	5/8/2026
DEPARTMENTS REVIEW REVISED EXP WORKSHEETS; REPORT ANY DISCREPANCIES TO FINANCE THIS INCLUDES PROJECTED YEAR END FOR FY26, GRANTS; CAPITAL PROJECTS, ETC	4/30/2026
FINANCE REVIEWS TOTAL REVENUES vs EXPENDITURES WITH CM - ADJUST AS NECESSARY;	5/8/2026
INTERNAL REVIEW/QUALITY CONTROL (FINANCE, CM, DEPTS) - DRAFT BUDGET DOCUMENT	5/10/2026 thru 5/15/2026
FINALIZE DRAFT BUDGET DOCUMENT	5/30/2026
CM COMPLETES BUDGET TRANSMITTAL LETTER	5/28/2026
FINANCE DISTRIBUTES PROPOSED FY 2026/27 Draft BUDGET	5/30/2026
CITY COUNCIL CONDUCTS FY 2026/27 BUDGET HEARING WORKSHOP (COMMUNITY INPUT)	6/3/2026
FINANCE DISTRIBUTES FY 2026/27 BUDGET INCLUDING COUNCIL AND PUBLIC UPDATES (FOR COUNCIL ADOPTION)	6/20/2025
CITY COUNCIL ADOPTS FY 2026/27 BUDGET	6/22/2026

B. PRIORITIZED LIST OF FINANCIAL GOALS FOR FY 2026/27 BUDGET DEVELOPMENT

Staff used the prioritized list as guidance in preparing the FY2026 budget and will again use the list in preparing the FY 2027 budget unless the Council directs otherwise:

- 1) Adopt a balanced budget (ongoing revenues should support expenditures. Accordingly, one-time revenues/grants should not be used for ongoing expenditures continuously)
- 2) Provide additional contributions to the Section 115 Trust to help pay the unfunded liability
- 3) Maintain operating reserve (20% of operating Exp) and litigation reserve (\$200k)
- 4) Provide additional funding for emergency reserves (10% of Operating Expenditures)
- 5) Maintain current level of service (no staff layoffs, no program cuts)
- 6) Provide cost of living adjustments for Staff in years to come
- 7) Infrastructure Improvements: Streets & Alleys
- 8) Code Enforcement Policy
- 9) Department Staffing Needs