City Council
Work Session

Tuesday, September 8, 2026, 5:30 PM
106 Center Street

Members of the public may attend the meeting either in-person or by joining via Zoom either online or by telephone at:

https://us02web.zoom.us/j/88526566715

Meeting ID: 885 2656 6715 ---

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AGENDA

1. Call to Order/Roll Call
2. Agenda Approval
3. New Business
    a) 2027 Preliminary Budget Discussion
4. Adjournment

THE CITY OF EXCELSIOR MINNESOTA

MEMORANDUM

Work Session Item 3

Re: 2027 Preliminary Budget

Date: September 8, 2026

To: City Council

From: Jenny Palmer, Finance Director

Background

At the August 17 work session, the City Council received its first look at the preliminary 2027 General Fund budget. Since that time, Hennepin County has provided updated information reflecting a modest improvement in the City's total tax capacity. Staff has also refined the revenues and expenditures which are listed in the table below. As a result of these updates, the proposed levy increase has been reduced from 22.1% to 19.99% over 2026, with an estimated tax rate of 31.55%.

Revenues	Increase (Decrease)	Reason
Fiscal Disparities	(182)	Actual received from Hennepin County
Variance	1,000	Revenues coming in better than estimated
Fines & Forfeits	30,000	Moved all the Hennepin County fine revenue to the General Fund instead of sharing with the Parking Fund
County Grants	(6,000)	No current grants foreseen
Refunds & Reimbursements	(2,000)	None anticipated
Total Increase Revenues	22,818	

Expenditures	Increase (Decrease)	Reason
City Council	(228)	Keep the same expenses as 2026
City Manager/City Clerk	(3,565)	Wages will be phased in- a portion in January and another portion in July
Finance	(714)	Wages will be phased in- a portion in January and another portion in July
Planning & Zoning	(13,966)	Wages will be phased in- a portion in January and another portion in July and reduced Professional Services
Streets	(963)	Wages will be phased in- a portion in January and another portion in July

Park Maintenance	(20,529)	Wages will be phased in- a portion in January and another portion in July and previously included too much in seasonal wages
Total Decrease Expenditures	(39,965)	

Several items remain uncertain and may affect the budget as it continues to be refined. These items include the 2026 debt levy associated with the school building, and potential changes in health insurance costs, which may ultimately increase by less than the currently projected 15%.

Staff is also evaluating a potential increase in franchise fees for electric and gas utilities as an additional revenue source. Excelsior's franchise fees have not been increased since 2012 for electric and 2013 for gas and are lower than cities in the area. If implemented by mid-year, the increase could generate approximately $25,000 in additional revenue in 2027. On a full-year basis, the estimated additional revenue could range from $44,000 to $59,000, depending on the level of the fee increase. This additional revenue could be used to reduce the property tax levy and/or reduce the amount transferred from the Parking Fund.

Minnesota Statute 216B.36 allows cities to require public utilities (electric and gas companies) operating in the right-of-way to obtain a franchise. In addition, the Statue grants cities the authority to charge the utility franchise fees to raise revenue or defray increased municipal costs accruing because of utility operations, or both. The franchise fees imposed on the public utility are typically passed on to the customer. On the following pages are tables showing Excelsior's current rates with area cities.

Excel Energy

City	Residential	Small CI Nondemand	Small CI Demand	Large CI	Public Street Lighting	Municipal Pumping NonDemand	Municipal Pumping Demand	Effective Date
Deephaven	$5.00	$5.00	$5.00	$5.00	—	—	—	01/2024
Eden Prairie	$6.50	$8.50	$20.50	$89.50	—	—	—	05/2023
Excelsior	**$2.50**	**$2.50**	**$2.50**	**$2.50**	**$2.50**	**$2.50**	**$2.50**	**11/2012**
Golden Valley	$6.00	$6.00	$30.00	$258.00	—	—	—	04/2018
Long Lake	$4.00	$6.00	$40.00	$160.00	$4.00	$4.00	$4.00	01/2021
Minnetonka	$4.50	$4.50	$13.50	$45.00	—	$4.50	$4.50	01/2019
Mound	$4.00	$12.00	$30.00	$145.00	$4.00	$4.00	$4.00	12/2025
New Hope	$4.00	$7.00	$31.00	$135.00	—	—	—	03/2023
Plymouth	$3.53	$5.31	$17.71	$70.85	—	—	—	04/2024
Shorewood	$4.00	$8.00	$10.00	$25.00	—	—	—	10/2018
St. Louis Park	$6.75	$12.00	$48.50	$148.50	—	$12.00	$48.50	06/2021
Wayzata	$2.06	$4.64	$4.64	$15.45	$1.03	$1.03	$1.03	03/2011
Average of Nearby Cities	*$4.62*	*$6.98*	*$22.61*	*$98.58*	*$3.50*	*$5.40*	*$12.70*	

Source: *Xcel Energy Rate Book*

Note: *Nearby cities without franchise fees include Greenwood, Maple Plain, Medina, Minnetrista, Orono, Spring Park, Tonka Bay, and Woodland*

CenterPoint Energy

City	Residential	Com A	Com/ Ind B	Com/ Ind C	SVDF A	SVDF B	LVDF	Effective Date
Deephaven	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	01/01/2024
Excelsior	$2.50	$2.50	$2.50	$2.50	$2.50	$2.50	$2.50	07/13/2013
Golden Valley	$6.00	$7.50	$30.00	$30.00	$258.00	$258.00	$258.00	04/01/2018
Long Lake	$4.00	$4.00	$25.00	$60.00	$60.00	$60.00	$60.00	01/01/2021
Minnetonka	$4.50	$4.50	$13.50	$45.00	$45.00	$45.00	$45.00	01/01/2019
Mound	$2.75	$2.75	$2.75	$2.75	$2.75	$2.75	$2.75	01/01/2014
New Hope	$3.00	$4.00	$11.00	$38.00	$74.00	$83.00	$164.00	01/01/2017
Plymouth	$2.52	$3.79	$12.65	$50.61	$50.61	$50.61	$50.61	03/13/2023
Shorewood	$4.00	$4.00	$10.00	$25.00	$25.00	$25.00	$25.00	03/01/2018
St. Louis Park	$6.75	$6.75	$12.00	$48.50	$48.50	$48.50	$148.50	06/01/2021
Average of Nearby Cities	$4.32	$4.84	$13.17	$36.08	$60.08	$60.90	$77.35	

Source: *CenterPoint Gas Rate Book*

Note: *SVDF: Small Volume Dual Fuel; LVDF: Large Volume Dual Fuel*

Staff will continue to evaluate and refine these estimates through the budget process.

Next Steps

Next Steps in the 2027 budget process are:

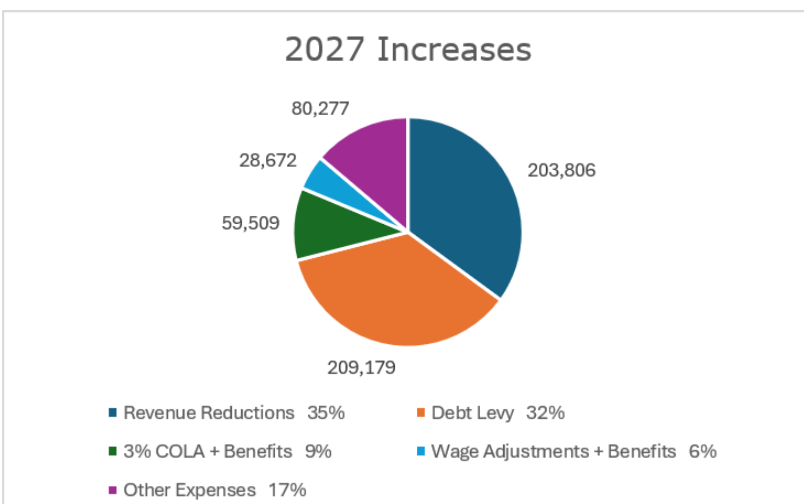
- September 21 - Preliminary Budget Work Session and adoption of the 2027 Preliminary Budget for certification to Hennepin County
- October - November Work sessions for General Fund adjustments, review of the Enterprise Funds, Parking Fund and School Building Fund
- December 7 - Truth in Taxation hearing
- December 16 - Final Budget Adopted
- December 30 - Final Budget Certified to Hennepin County

Tax Levy Summary

The preliminary budget, once approved, cannot be increased but may be reduced. The total tax levy covers both general operations and debt service.

2027 Tax Levy Components	2026 Adopted	2027 Preliminary	$ change from 2026	% change from 2026
General Fund	$ 1,929,551	$ 2,301,816	$ 372,265	
Capital Improvement	$ -		$ -	
Total General Revenue	$ 1,929,551	$ 2,301,816	$ 372,265	
Debt Service				
2010A	$ 100,000	$ -	$ (100,000)	
2017A	$ 80,188	$ 80,188	$ -	
2019A	$ 152,486	$ 152,486	$ -	
2020A	$ 96,635	$ 96,635	$ -	
2021A	$ 233,076	$ 233,076	$ -	
2026A	$ 75,613	$ 112,500	$ 36,887	
2026B	$ 140,423	$ 207,114	$ 66,691	
2026C	$ 100,000	$ 305,600	$ 205,600	
Total Debt Service	$ 978,421	$ 1,187,599	$ 209,178	
Total Levy	$ 2,907,972	$ 3,489,415	$ 581,443	19.99%

Components that make up the 19.99% increase



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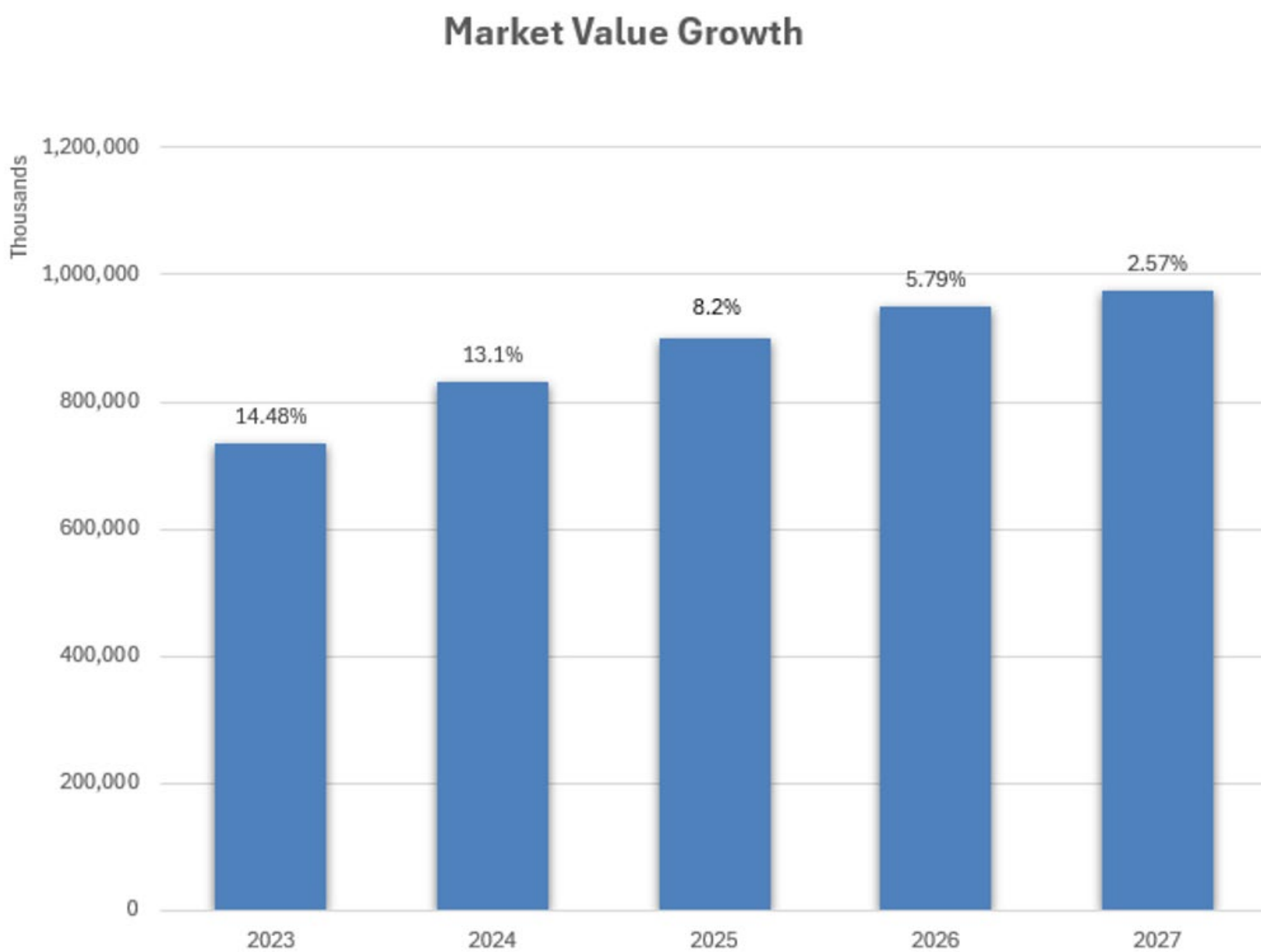
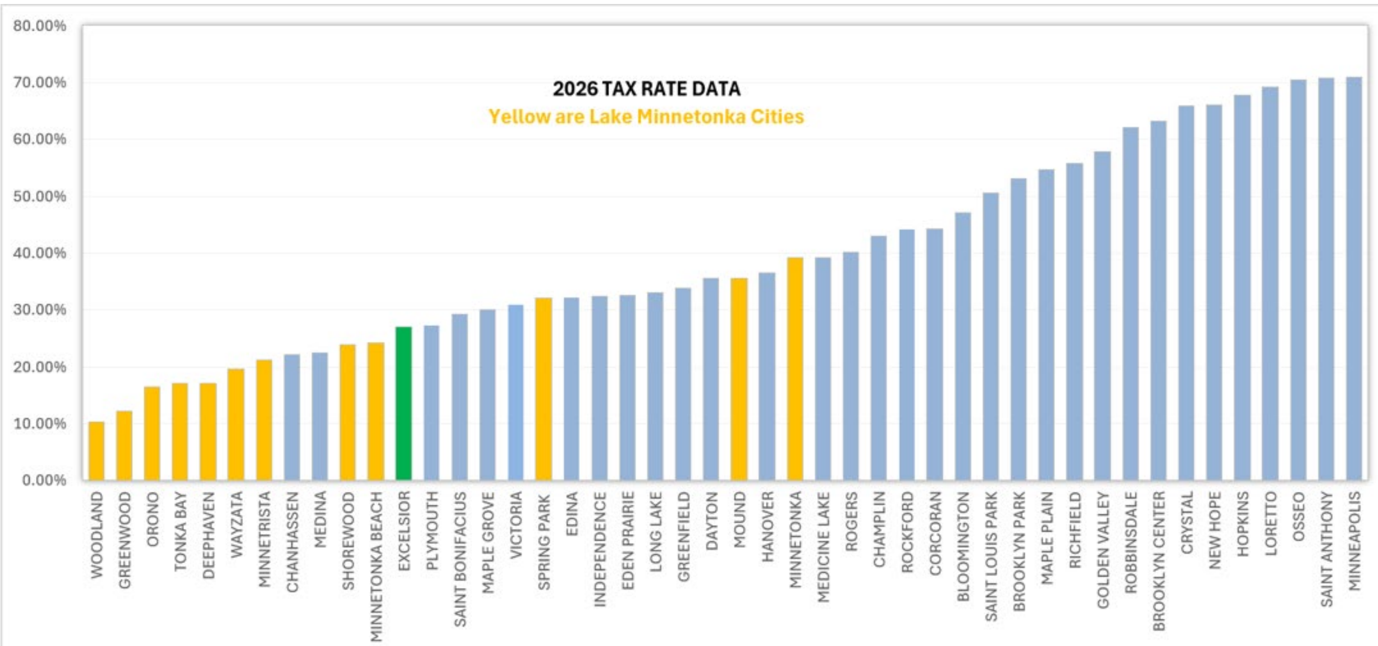
Summary of the City's Market Value Growth

Excelsior's market value continues to grow, but at a slower rate. Estimated market value growth for 2027 is 2.57%, compared with 5.79% for 2026. Slower market value growth means levy increases are spread across a tax base that is growing less rapidly.



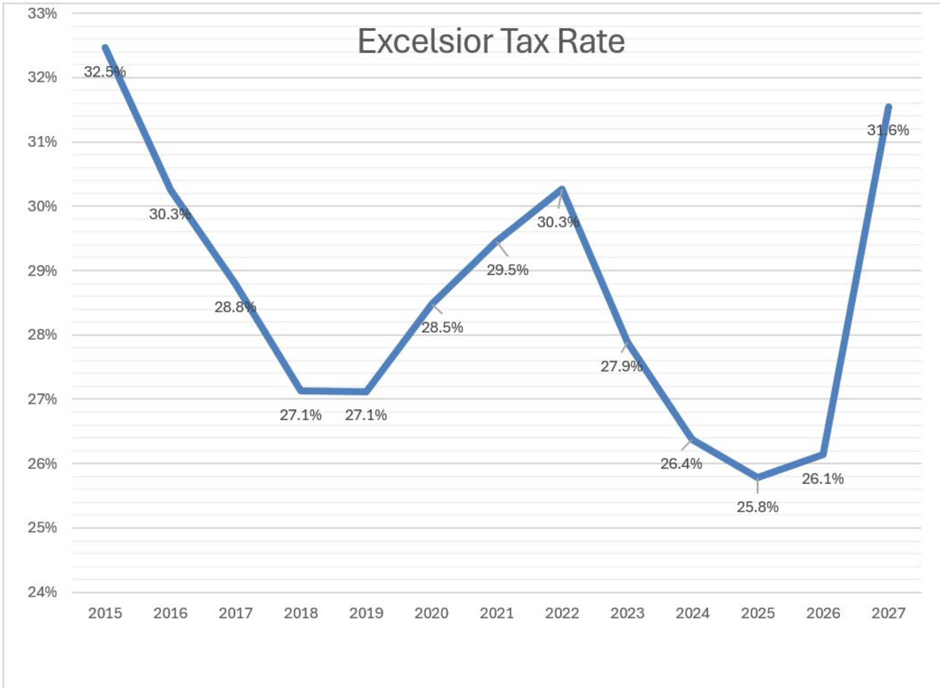
Comparison to Other Communities

The chart below compares Excelsior's 2026 tax rate with other communities. Lake Minnetonka communities are highlighted in yellow and Excelsior is shown in green. Excelsior's tax rate is higher than several neighboring Lake Minnetonka communities, but lower than a number of communities with comparable downtown areas, including Osseo, Hopkins, Robbinsdale, Victoria, and Edina.

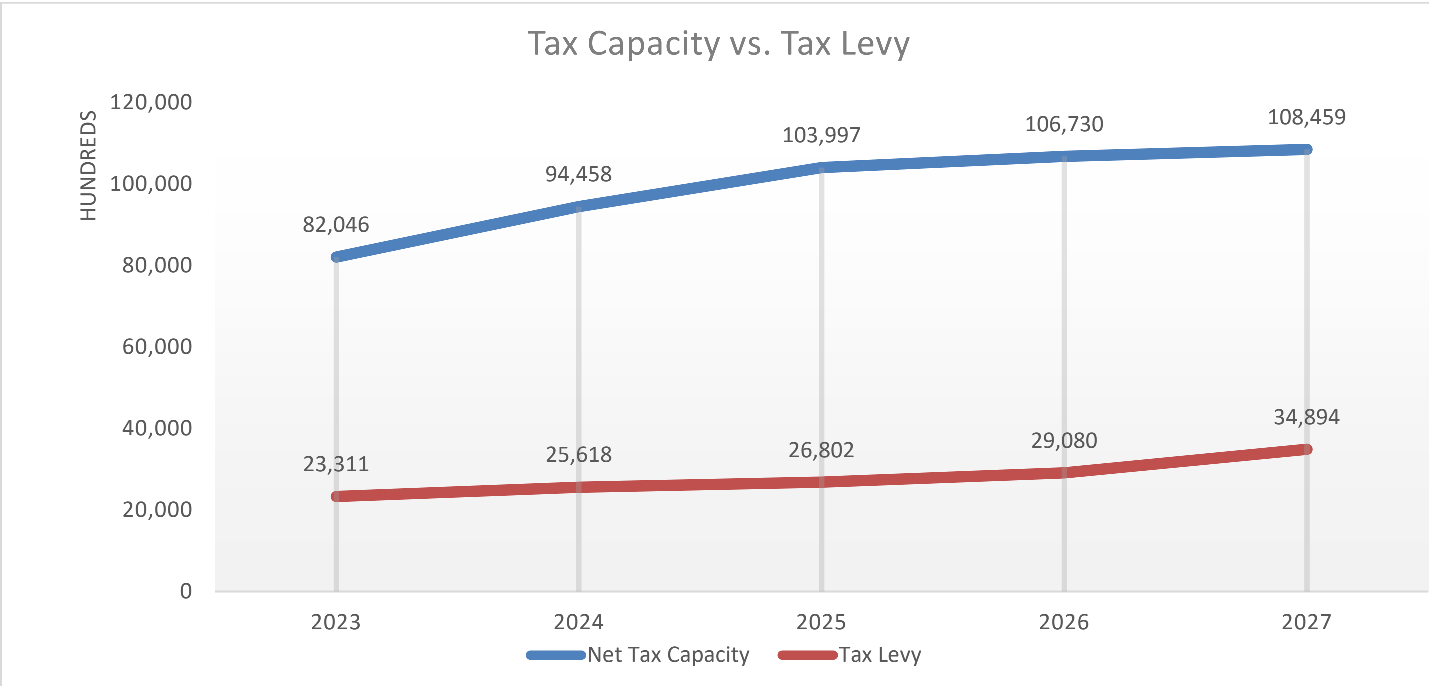


Tax Rate and Levy Comparison

Below is a summary of Excelsior's tax rate history. The proposed tax rate in 2026 is currently 31.55%. Last year the preliminary tax rate was 28.27% for the first look at the budget. The final tax rate was 26.14%.

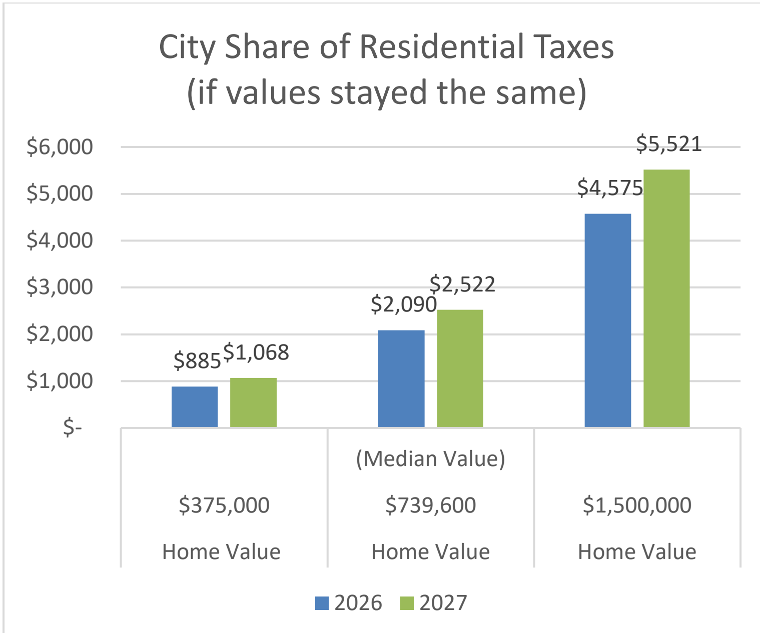


As market value growth slows, the gap between the City's tax capacity and tax levy narrows. This means future levy increases have a greater effect on the City tax rate than they would during periods of stronger tax-base growth.

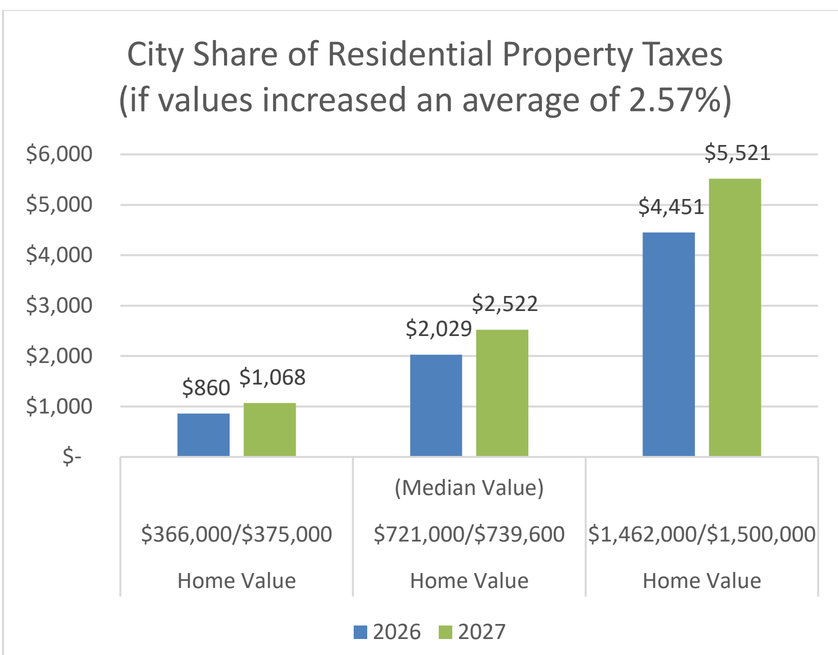


Impact to Residents

Property tax impacts vary by property value, changes in individual property value, homestead status, and changes in the overall tax base. Under the preliminary 2027 budget, the levy would increase 19.99%. If property values are held constant, a home with the current median value of $739,600 is estimated to see a $432 increase in the City portion of its annual property tax bill.



If a home increased in value by an average of 2.57% from prior year, a median home value of $739,600 would see an increase of $493 in the City's portion of their annual tax bill.



Tax Rate and Levy Analysis

The chart below breaks out the preliminary budget of $3,489,415. This is a 19.99% levy increase and 4.64% tax rate increase over 2026.

If the tax rate stayed the same as last year, it would be a $78,208 increase or 2.68% levy increase over 2026, which doesn't even cover the debt levy of $209,178.

The bottom section of the chart shows the taxes payable for houses at various market values from $375,000 to $1,500,000.

KNOWN:		PROPOSED 2027 (Henn County - 8/2026):	
2025 Total Tax Capacity	12,380,869	2027 Estimated Total Tax Capacity	12,698,160
Less Fiscal Disp.	(1,243,020)	Less Fiscal Disp.	(1,336,591)
Less Increment	(464,870)	Less Increment	(515,718)
Tax Capacity - Local Rate	10,672,979	Tax Capacity - Local Rate	10,845,851

Incremental Tax Payable over Prior Year					
2026 Taxes	885	1,218	2,090	2,941	4,575
Est Market Value	**$ 375,000**	**$ 500,000**	**$ 739,600**	**$ 1,000,000**	**$ 1,500,000**
A. Tax increase over 2026 at Preliminary Requested Budget	$ 183	$ 252	$ 432	$ 608	$ 946

Proposed Preliminary Budget	**Levy $ (Includes Debt Levy)**	**2027**	**2026**	**Tax Rate Increase/ Decrease Over Prior Year**	levy $ increase
A. Preliminary Requested Budget 19.99% levy increase, 4.64% tax rate increase	3,489,415	31.55%	26.91%	4.64%	581,443

A. Preliminary Requested Budget 19.99% levy increase, 4.64% tax rate increase					
est market value	$ 375,000	$ 500,000	$ 739,600	$ 1,000,000	$ 1,500,000
homestead exclusion	12,800	1,550	-	-	-
taxable market value	362,200	498,450	739,600	1,000,000	1,500,000
net tax capacity	3,387	4,661	7,995	11,250	17,500
tax rate	31.55%	31.55%	31.55%	31.55%	31.55%
net tax payable	**1,068**	**1,470**	**2,522**	**3,549**	**5,521**

General Fund Budget Summary

Revenues

Description	2027 Requested Budget	2026 YTD 07.31.26	2026 Adopted Budget	2025 Actual	2024 Actual	% Increase 2026 v. 2027	Dollar Increase 2026 v. 2027
Delinquent Ad Valorem Taxes	12,000	6,031	20,000	9,518	25,323	-40.00%	(8,000)
Fiscal Disparities	46,818	27,520	61,374	47,511	52,813	-23.72%	(14,556)
Franchise Fee	75,000	55,400	75,000	61,087	71,003	0.00%	0
Penalties and Interest AdValTx	300	197	1,200	302	860	-75.00%	(900)
Tree Removal Permit	1,500	1,200	2,000	2,400	400	-25.00%	(500)
Tree Trimmer License	1,200	1,200	1,000	950	1,150	20.00%	200
Alchoholic Beverages	115,000	250	115,000	116,909	128,840	0.00%	0
Cigarettes & Tobacco	650	650	975	975	975	-33.33%	(325)
Garbage Haulers	1,500	1,525	600	675	3,350	150.00%	900
Sidewalk Café Permits	900	900	1,350	1,200	600	-33.33%	(450)
Special Events	45,000	28,921	65,000	27,030	59,653	-30.77%	(20,000)
Data Requests	0						
Peddlers License	300	510	300	120	240	0.00%	0
Refueling Permit	450		900	450	600	-50.00%	(450)
Right of Way Registration Fee	400	360	700	160	625	-42.86%	(300)
Street Use/Dumpster Permit	1,500	1,360	1,000	1,520	1,280	50.00%	500
Food Truck Permit	5,500	5,855	5,000	4,275	5,130	10.00%	500
Building Permits	80,000	51,958	115,000	80,097	101,127	-30.43%	(35,000)
Sign Permits	900	460	2,000	2,263	1,244	-55.00%	(1,100)
Variance	5,000	4,800	3,000	3,000	2,500	66.67%	2,000
Mech Permit-Base & Unit Chrg	13,000	9,902	20,000	17,034	18,597	-35.00%	(7,000)
THC License	0	1,050	1,750	1,750	1,350	-100.00%	(1,750)
Plumbing Permits	8,000	5,261	10,000	8,407	5,268	-20.00%	(2,000)
Right of Way Permits	4,000	51,205	4,000	4,313	2,935	0.00%	0
Animal Licenses	0	340	300	295	315	-100.00%	(300)
Multiple Dwellings Lic/Permits	33,000	32,950	37,000	36,050	30,490	-10.81%	(4,000)
Short-Term Rental Permits	1,400	1,400	2,500	2,700	0	-44.00%	(1,100)
Trolley/Driveway Permits (Miscellaneous)	100	50	100	175	125	0.00%	0
Conditional Use Permit	700	700	1,000	600	0	-30.00%	(300)
Other State Aid Grants	30,000	12,387	35,000	20,619	35,105	-14.29%	(5,000)
County Grants	0	6,490	5,000	3,027	1,763	-100.00%	(5,000)
Zoning and Subdivision Fees	500	180	2,500	2,480	1,000	-80.00%	(2,000)
Plan Check Fee	40,000	37,889	60,000	43,482	59,876	-33.33%	(20,000)
Application Process Fees	8,000	5,707	11,000	12,349	13,312	-27.27%	(3,000)
Street, Sidewalk and Curb Fees	125		400	125	1,035	-68.75%	(275)
Transfer from Parking Fund	350,000		350,000	350,000	499,954	0.00%	0
Garden Plots Rental	2,700	4,860	2,000	1,890	2,745	35.00%	700
Park Vendor Lease Agmt	20,000	11,261	20,000	23,748	22,337	0.00%	0
Cemetery Lots	200	5,000	20,000	10,900	200	-99.00%	(19,800)
Fines and Forfeits	45,000	12,907	15,000	27,980	84,561	200.00%	30,000
Interest Earnings	80,000	24,531	120,000	95,633	135,138	-33.33%	(40,000)
Kayak Rental Revenue Sharing	500	125	500	780	721	0.00%	0
Rent-Water Tower Antennae	50,000	49,695	46,000	66,863	44,655	8.70%	4,000
Refunds & Reimbursements	0	1,000	10,000	7,112	20,915	-100.00%	(10,000)
Insurance Dividend	3,000		4,500	2,484	5,611	-33.33%	(1,500)
Hennepin Cnty Recycling Reimbursement	9,000	6,095	17,000	1,964	17,150	-47.06%	(8,000)
Transfer from Other Funds-Concert	10,000	30,000	30,000	30,000	0	-66.67%	(20,000)
Transfer From Other Fund-Docks	245,000	245,000	245,000	225,000	200,000	0.00%	0
	1,348,143	1,708,816	1,551,949	1,374,441	1,704,924	-13.13%	(203,806)

Expenditures

CITY OF EXCELSIOR
2027 UPDATED BUDGET
General Fund Expenditures by Department

	2027 Preliminary	2026 07.31.26	2026 Budget	2025 Actual	2025 Budget	2024 Actual	Dollar Change	Percent Change
GENERAL FUND								
COUNCIL								
Wages and Benefits	15,469	7,682	15,469	14,345	17,361	15,260	-	0%
Professional Services	1,800	871	1,800	1,336	1,800	3,676	-	0%
Community Events and Support	-	-	-	2,500	2,500	2,500	-	0%
Total Council	**17,269**	**8,553**	**17,269**	**18,181**	**21,661**	**21,436**	-	0%
CITY MANAGER/CLERK								
Wages and Benefits	273,508	153,628	245,652	229,555	269,810	316,197	27,856	11%
Total City Manager/City Clerk	**273,508**	**153,628**	**245,652**	**229,555**	**269,810**	**316,197**	27,856	11%
ELECTIONS								
Election Judge Pay	4,424	-	4,424	-	-	8,413	-	0%
Operating Supplies	2,600	905	2,600	-	1,000	6,024	-	0%
Repair and Maintenance	600	-	600	-	-	782	-	0%
Total Elections	**7,624**	**905**	**7,624**	**-**	**1,000**	**15,219**	-	0%
FINANCE								
Wages and Benefits	91,160	49,856	84,549	77,845	82,511	78,461	6,611	8%
Professional Services	-	-	-	-	-	2,592	-	0%
Total Finance	**91,160**	**49,856**	**84,549**	**77,845**	**82,511**	**81,053**	6,611	8%
PLANNING AND ZONING								
Wages and Benefits	289,713	113,356	260,411	213,918	229,543	132,317	29,302	11%
Professional Services	31,500	36,616	15,000	43,380	5,000	30,095	16,500	110%
Total Planning and Zoning	**321,213**	**149,971**	**275,411**	**257,298**	**234,543**	**162,412**	45,802	17%
CITY ADMINISTRATION								
Operating Supplies	18,600	11,062	17,800	12,987	17,200	16,194	800	4%
Professional Services	204,500	112,380	181,000	206,054	215,500	98,463	23,500	13%
Utilities	5,000	2,326	5,500	3,254	3,500	2,693	(500)	-9%
Repair and Maintenance	16,500	9,460	15,000	15,166	14,000	81,241	1,500	10%
Other Charges & Supplies	70,502	61,311	80,353	61,241	57,783	44,196	(9,851)	-12%
Building Rent	-	13,009	35,000	83,812	80,000	44,640	(35,000)	-100%
Capital Outlay	2,000	753	2,000	1,638	4,000	6,651	-	0%
Total City Administration	**317,102**	**210,300**	**336,653**	**384,152**	**391,983**	**294,079**	(19,551)	-6%
HERITAGE PRESERVATION								
Professional Services	25,500	10,285	25,500	21,276	26,200	466	-	0%
Total Heritage Preservation	**25,500**	**10,285**	**25,500**	**21,276**	**26,200**	**466**	-	0%
POLICE								
Professional Services	1,074,471	801,018	1,049,764	974,332	963,076	713,103	24,707	2%
Code Enforcement	15,000	3,533	15,000	27,645	2,500	14,191	-	0%
Total Police	**1,089,471**	**804,550**	**1,064,764**	**1,001,977**	**965,576**	**727,294**	24,707	2%
FIRE CONTRACT								
Professional Services	384,312	271,406	361,208	293,777	293,777	330,818	23,104	6%
Total Fire Contract	**384,312**	**271,406**	**361,208**	**293,777**	**293,777**	**330,818**	23,104	6%

CITY OF EXCELSIOR
2027 PRELIMINARY BUDGET
General Fund Expenditures by Department

	2027 Preliminary	2026 07.31.26	2026 Budget	2025 Actual	2025 BUDGET	2024 Actual	Dollar Change	Percent Change
BUILDING INSPECTION								
Professional Services	60,000	24,141	75,000	96,257	55,000	72,311	(15,000)	-20%
ENGINEERING								
Professional Services	40,000	7,374	50,000	68,545	47,250	62,362	(10,000)	-20%
STREETS								
Wages and Benefits	212,015	126,443	199,952	174,245	187,252	121,518	12,063	6%
Operating Supplies	34,200	22,963	33,700	29,127	33,700	23,031	500	1%
Professional Services	5,500	6,217	2,050	1,645	2,050	4,621	3,450	168%
Utilities	20,500	11,294	15,500	15,859	17,000	10,918	5,000	32%
Repair and Maintenance	47,000	28,216	51,000	34,602	51,000	22,425	(4,000)	-8%
Other Charges & Supplies	7,944	7,597	6,000	6,422	7,000	6,263	1,944	32%
Total Streets	**327,159**	**202,729**	**308,202**	**261,900**	**298,002**	**188,775**	**18,957**	**6%**
PARK MAINTENANCE								
Wages and Benefits	434,091	235,238	403,928	381,704	359,621	298,637	30,163	7%
Operating Supplies	33,100	24,089	31,540	32,176	29,900	37,777	1,560	5%
Professional Services	16,800	8,756	25,400	15,524	20,400	15,515	(8,600)	-34%
Utilities	32,000	18,784	29,000	28,162	29,000	25,240	3,000	10%
Repair and Maintenance	12,000	3,100	12,000	25,648	11,000	12,046	-	0%
Other Charges & Supplies	22,850	17,635	26,500	14,259	18,703	15,659	(3,650)	-14%
Total Park Maintenance	**550,841**	**307,602**	**528,368**	**497,473**	**468,624**	**404,874**	**22,473**	**4%**
RECREATION								
Entertainment in the Park	0	923	500	458	1,000	434	(500)	-100%
Total Recreation	**0**	**923**	**500**	**458**	**1,000**	**434**	**(500)**	**-100%**
TREES AND PLANTINGS								
Tree Care	125,000	65,893	88,000	122,469	144,000		37,000	42%
Plantings	13,500	8,373	3,000	1,903			10,500	350%
Maintenance Supplies	6,300	1,310	9,000	0			(2,700)	-30%
Total Trees and Plantings	**144,800**	**75,575**	**100,000**	**124,372**	**144,000**		**44,800**	**45%**
TOTAL GENERAL FUND	**3,649,959**	**2,277,797**	**3,480,700**	**3,373,687**	**3,343,662**	**2,711,511**	**169,259**	**4.86%**

General Fund Summary of Significant Changes in Expenditures

City Manager/City Clerk

Line Item	Dollar Change	Reason
Wages and Benefits	$27,856 Increase	Incorporating wages from the 2026 compensation study that are phased over 2027, in addition to an estimated 15% increase in health insurance.

Finance

Line Item	Dollar Change	Reason
Wages and Benefits	$6,611 Increase	Incorporating wages from the 2026 compensation study that are phased over 2027, in addition to an estimated 15% increase in health insurance.

Planning and Zoning

Line Item	Dollar Change	Reason
Wages and Benefits	$29,302 Increase	Incorporating wages from the 2026 compensation study that are phased over 2027, in addition to an estimated 15% increase in health insurance.
Professional Services	$16,500 Increase	Increase costs for a portion of the comprehensive plan. Reduced other professional service for attorney's attendance at Planning Commission meetings.

City Administration

Line Item	Dollar Change	Reason
Professional Services	$23,500 Increase	Increase in attorney fees for both City Attorney and Prosecution Attorney.
Other Charges and Supplies	$9,851 Decrease	Reduced due to no moving expenses and reduced expenses for building repairs and maintenance now accounted for in the School Building Fund.
Building Rent	$35,000 Decrease	Rent Expense is not currently included.

Police

Line Item	Dollar Change	Reason
Professional Services	$24,707 Increase	Increased per the approved 2027 South Lake Minnetonka Police budget.

Fire

Line Item	Dollar Change	Reason
Professional Services	$23,104 Increase	Increased per the approved 2027 Excelsior Fire District budget.

Building Inspection

Line Item	Dollar Change	Reason
Professional Services	$15,000 Decrease	Decreased due to reduced number of building permits issued.

Engineering

Line Item	Dollar Change	Reason
Professional Services	$10,000 Decrease	Decreased due to more engineering fees being allocated to individual departments and not allocated to the general engineering account.

Streets

Line Item	Dollar Change	Reason
Wages and Benefits	$13,026 Increase	Incorporating wages from the 2026 compensation study that are phased over 2027, in addition to an estimated 15% increase in health insurance.
Professional Services	$3,450 Increase	Increased engineering fees for the street department, also included $798 for a portion of the costs for development.

Park Maintenance

Line Item	Dollar Change	Reason
Wages and Benefits	$30,163 Increase	Incorporating wages from the 2026 compensation study that are phased over 2027, in addition to an estimated 15% increase in health insurance. Also, increasing hourly wages for seasonal employees and funding to hire more fall help.
Professional Services	$9,100 Decrease	Moved expenses for Men's Garden Club and Uncommon Gardners to Plantings in the Trees and Plantings budget. Also includes a portion of the costs for development.
Other Charges and Supplies	$3,150 Decrease	Decreased for less than anticipated costs for organic weed spraying.

Recreation

Line Item	Dollar Change	Reason
Entertainment in the Park	$500 Decrease	Combined with the Park Maintenance Fund under the Professional Services line item.

Trees and Plantings

Line Item	Dollar Change	Reason
Tree Care	$37,000 Increase	Increased for additional tree removal anticipated for next year.
Plantings	$10,500 Increase	Allocated $10,000 to Men's Garden Club and $500 to Uncommon Gardners.

Maintenance Supplies	$2,700 Decrease	Reduced for fewer maintenance supplies purchased than anticipated.

Council Discussion Items

- How does the City Council feel about increasing franchise fees?
- How much does the City want to budget for the transfer from the Park Capital Fund from Concerts in the Commons? The transfer was $30,000 in 2026, for 2027 only $10,000 is budgeted.

The current proposed budget reflects no change in the $350,000 transfer from the Parking Fund even though it's projected that the Parking Fund will not be able to make the full transfer at this time. There are a couple of options for the Council to consider with the 2027 budget.

Option 1 – Keep the preliminary levy at 22.15% and lower the transfer from the parking fund by $62,783.
Option 2 – Proceed with the process for increasing franchise fees and lowering the transfer from the Parking Fund by $25,000 and set the preliminary levy at 19.99%.
Option 3 – Keep the $350,000 transfer from the Parking Fund until there is more information on the Parking Fund and School Building Fund.

There are larger items that could significantly impact the General Fund which will be more defined later in the year, such as increasing franchise fees, the amount the Parking Fund can transfer to the General Fund, and the amount of rent the City will need to pay to sustain the School Building Fund.

Given the amount of uncertainty, how high does the Council want to set the preliminary levy?

What additional information does the Council need to set the preliminary levy?

Action: Review and provide staff directions on next steps.