

At the July 1, 2025 workshop the council was presented with a preliminary levy as outlined below which was a **13.60%** increase over 2025 budget.

July 1, 2025

	2025	2026 Prelim	Increase (Decrease)	% Change
General	\$6,401,453	\$7,325,515	\$924,062	14.44%
City Infrastructure	\$502,000	\$517,000	\$15,000	2.99%
Total City Tax Levy	\$6,903,453	\$7,842,515	\$939,062	13.60%

Council directed staff to provide reduction recommendations and present them at the following workshop along with any other budget adjustments. Below is detail of adjustments that were made and the subsequent effect on the levy resulting in a **1.03%** decrease from initial increase amount.

Item	Exp/Rev	Amount	Justification
General Liability Insurance	Exp	(\$15,000)	True up to actual/expected
Admin Dues	Exp	(\$3,000)	Reduce ADA software to one license
Planning Charges	Rev	\$3,500	Addition of mechanical review fees
Permit Fees	Rev	\$25,000	More in line with history
Interest	Rev	\$25,000	More in line with history

July 15, 2025

	2025	2026 Prelim	Increase (Decrease)	% Change
General	\$6,401,453	\$7,254,015	\$852,562	13.32%
City Infrastructure	\$502,000	\$517,000	\$15,000	2.99%
Total City Tax Levy	\$6,903,453	\$7,771,015	\$867,562	12.57%

Since the July 15, 2025 workshop additional information was available in a few areas in the Parks Department resulting in the reductions below.

Item	Exp/Rev	Amount	Justification
Parks Contractual Services	Exp	(\$6,000)	True up stepdown install/removal costs based on contractor estimate
Parks Rec Program Fees	Exp	(\$20,000)	Eliminated lifeguards
Parks Dues/Licensing	Exp	(\$3,000)	Eliminated CDL licenses

The result of these changes is seen in the below table and reflects the most current budget. The levy increase has been reduced by **.42%** from what was previously presented and is **12.15%** above the 2025 levy.

August 19, 2025				
	2025	2026 Prelim	Increase (Decrease)	% Change
General	\$6,401,453	\$7,225,015	\$823,562	12.87%
City Infrastructure	\$502,000	\$517,000	\$15,000	2.99%
Total City Tax Levy	\$6,903,453	\$7,742,015	\$838,562	12.15%

Each department compiled suggestions which were presented to the council at the July 15, 2025 workshop. Those are included at the end of the memo.

Some of the options provided by staff have a more significant impact on the levy. Below is a list of those more substantial considerations and the subsequent impact to the levy. For reference; at the levy displayed above, any reduction of **\$70,000** results in roughly a **1%** decrease.

August 19, 2025				
	2025	2026 Prelim	Increase (Decrease)	% Change
General	\$6,401,453	\$7,225,015	\$823,562	12.87%
City Infrastructure	\$502,000	\$517,000	\$15,000	2.99%
Total City Tax Levy	\$6,903,453	\$7,742,015	\$838,562	12.15%
Option 1: Elimination of Additional Officer		(\$138,115)		
		\$7,603,900	\$700,447	10.15%
Option 2: Delay FT Fire Chief to Mid-year		(\$90,230)		
		\$7,651,785	\$748,332	10.84%
Option 3: 50% Reduction budgeted Fire Relief		(\$27,000)		
		\$7,715,015	\$811,562	11.76%
Option 1 + Option 2		(\$228,346)		
		\$7,513,669	\$610,216	8.84%
Option 1 + Option 2 + Option 3		(\$255,346)		
		\$7,486,669	\$583,216	8.45%

Reductions to capital transfers and the City Infrastructure Levy can also be considered either as a true reduction or through the reallocation of excess funds held over from 2024. This is slightly more nuanced and should be discussed with staff and our consulting team from Abdo.

Departmental Expenditure Reduction Options (previously presented). Items highlighted in green are also detailed above.

Fire Department

Expenditure Item	Savings Amount	Approx. Levy % Savings	Tradeoffs
Operating Supplies	\$5,000	0.07%	Removes software purchase that allows for NFIRS Reporting, Pre-Plans, Hydrants, etc.
Small Tools	\$2,000	0.03%	Could make a request to Relief Assoc to cover this cost
Radio Units	\$2,000	0.03%	Lose the ability to add Police channel to trucks
Repair & Maint	\$2,000	0.03%	Limited repairs to equipment
Training	\$2,000	0.03%	Training opportunities decreased compared to prior years

Police Department

Expenditure Item	Savings Amount	Approx. Levy % Savings	Tradeoffs
Eliminate Additional Officer	\$138,000	2.00%	Loss of retention tool of CSO's seeking fulltime employment
Eliminate CSO	\$41,000 per CSO*	0.59%	Reduce parking enforcement, code enforcement, reduce visibility on Lake Street and Panoway More difficulty in filling open officer positions

**A portion of this expense reduction would be realized in the Planning budget*

Planning

Expenditure Item	Savings Amount	Approx. Levy % Savings	Tradeoffs
Consultant Services (Planning)	\$5,000	0.07%	\$5,000 increase from prior year. Historical knowledge ensures consistency. Several significant code amendments are current Council Priorities that would benefit from outside consultants.
Consultant Services (Building)	\$5,000	0.07%	Building inspections generates funds for the use of consultants ensures prompt inspections during periods of heavy demand. Potential loss of revenue and delayed permit inspections.
Staff and Commission Training/Dues(Planning)	\$2,000	0.03%	Staff training and dues are required for certification. Staff intends to utilize training funds for additional Commissioner trainings, particularly Planning Commission.
Staff Training/Dues(Building)	\$1,400	0.02%	Ensures building inspector can maintain license, and related trainings for updated state building code requirements. Licensed for building permit/plan review software. Budgeted amount is typically overestimated by 3-5%
<u>Revenue Item</u>			<u>Impacts/Notes</u>
Increased Building Permit Fees			Current scale was developed in 2023 and based on valuation. As valuation increases, permit review costs increase with market.
Increase Sidewalk Café Permit Fees			Fees revaluated in 2024.
Increase Planning Application Fees			3% increase currently planned. Most fees are \$2,400 with an additional escrow fee on top of that.
Rental Dwelling license			Multi-family with 20+ units typically spread the cost of inspection over smaller unit counts. May affect affordability.
Increase Sign permit fees			Generally lower than other communities but does not encourage updating signage. \$135 set for 2025 is a 4% increase
Increase Zoning Letter fee			Low generation. 2026 proposed rate at \$135 which is 4% increase

Parks

Expenditure Item	Savings Amount	Approx. Levy % Savings	Tradeoffs
Contractual Services	\$24,000	0.35%	Eliminate Music in the Park (\$8,000), Maple Tapping (\$2,000) and Stepdowns (\$14,000)

Bld. Maint & Lighting

Expenditure Item	Savings Amount	Approx. Levy % Savings	Tradeoffs
Repair/Maint Supply	\$16,000	0.23%	Removal of holiday lighting

Expenditure Item	Savings Amount	Approx. Levy % Savings	Tradeoffs
Software for ADA PDF remediation	\$5,000	0.07%	Remediation of PDFs on the City's website is required to be compliant with new ADA standards by 2027. Without this software, staff are unable to comply with new standards by the due date.
Software for Docusign for Notary Services	\$2,550	0.04%	This request would make completing recording processes more efficient.
Reduce Fire Relief Contribution from City	Up to \$55,000	0.80%	This request was included to bring the Fire Department pension amounts closer to the market. The City could work with the Fire Relief Association to explore other options to increase competitiveness such as adjusting the vesting schedule, phasing the increases over a longer term, or exploring another plan such as through PERA.
Remove Direct Mailing to Folkstone	\$5,000	0.07%	This request was included to support efforts to engage our residents more directly. Folkstone previously received a copy digitally only since they only recently disclosed addresses to the City.
Delay FT Fire Chief to mid-year 2026 or 2027	\$90,230-\$180,461	1.31%-2.61%	This position was included in the Long-Term Staffing Plan due to the need for succession planning and to keep up with Fire Department operating needs. Delaying this position will continue to leave the Fire Department open to risk if there is turnover in existing staff, and delay projects (pre-plans, increased development, community risk assessments, etc.).

Expenditure Item	Savings Amount	Approx. Levy % Savings	Tradeoffs
Reduce Capital Transfers Out to Capital Equipment Fund	Up to \$165,000	Up to 2.39%	Maintaining annual capital allocations is key to continuing the City's commitment to funding capital projects with cash. While this decrease can be offset with transfers in excess reserves from 2024, reinstating capital contributions to higher levels in a future year when excess reserves aren't available would necessitate future levy increases.
Reduce Levied Capital Transfers Out	Up to \$517,000	Up to 7.49%	Maintaining annual capital allocations is key to continuing the City's commitment to funding capital projects with cash. While this decrease can be offset with transfers in excess reserves from 2024, reinstating capital contributions to higher levels in a future year when excess reserves aren't available would necessitate future levy increases.