

To: Mayor Russell and Council Members

From: Mark Latham and Pat Pianalto

Date: November 4, 2025

Subject: Presentation of 2026 Budget

The 2026 Budget began with goals established by all department heads, along with fixed assets, and additional personnel request.

Secondly, the framework of the budget is constructed with 85% of projected revenue is allocated for operating expenses, 12% allocated for capital/fixed assets, and 2% for reserves.

Thirdly, the large capital is based on the revised ten-year CIP which is enclosed as part of the budget.

A 3% increase has been established in the budget and staff will follow protocol as described in the Salary Administration Guide.

The General Fund reflects a conservative increase in revenue of 10% at \$5,954,000. This reflects a lower estimate of 2025 general revenue which is estimated at \$6,212.187 by year end. The city continues to experience increases in sales tax, franchise tax and property taxes. We have conservatively estimated an increase in hosting fees. The overall city general operating expenditures increase by 2.71% compared to 2025. This includes an investment of 2 additional new fire personnel and one replacement. One additional police officer, the Museum is requesting additional hours to the parttime employee and a part time employee in the Parks.

The Water and Sewer Department reflects an overall conservative increase in revenue of 8% or \$5,431,000 compared to 2025 budget. This reflects a lower estimated of 2025 water and sewer revenue which is estimated at \$5,698.317 by year end. The operating budget reflects an 11.33% increase, which adds 2 new employees and \$101,000 in fixed assets.

The Street Department reflects a conservative increase in revenue of 10% compared to 2025 budget. The operating budget has no increase from 2025 budget. Fixed assets are allocated for a Mini-Ex machine.

Administration Department is allocating capital to update Council Chambers with updated AV equipment.

Police Department will continue to move forward on the construction of a new police station with the approval of the bond issue. Investment in fixed assets are for 3 new police cars.

Fire Department is preparing for the ISO inspection this coming year. With the additional personnel requested, a new engine, and other related fixed assets will account for a successful Class 3 rating.

Community Development has assumed the role of Code Enforcement and HR. Training will continue for both areas of new roles. The city handbook will need to be updated in 2026. The department will complete the design for Heritage District.

Street Department will continue with the 20-year street maintenance plan. Funding for the 20% matching grants are needed for the Ardemagni sidewalk and Barrington/412 utilities/ROW. Also, staff will be applying for Hazardous Mitigation grant for the Sbanotto low water flooded area.

Park and Recreation will continue to grow with the development and leadership of the Parks Board. The city is currently waiting for the results of two grants for both the community center and splash pad.

Water and Sewer will focus on the Barrington gravity line and the relocation efforts along the expansion of 112. Other efforts will involve the upgrade of 2- and 4-inch lines in the service area. Staff continue to evaluate the upgrade efforts to AMI.

I want to thank Mayor Russell, Pat Pianalto, and the Department Directors for their assistance in preparing the 2026 budget.