

**Resolution Establishing Policy Objectives Associated with the Fiscal Year
2026 Budget**

(1st draft 5/8/24)

Introduced by: Councilmember Dyballa

WHEREAS, the City Council has adopted Ordinance 2024-XX, approving and adopting a Fiscal Year (FY) 2025 Budget for July 1, 2024 – June 30, 2025; and

WHEREAS, the City is recovering from the fiscal and other impacts of the COVID-19 pandemic; and

WHEREAS, the City Council has received reports and presentations on a 10-year financial forecast and the City’s fiscal health; and

WHEREAS, the City Council and City management team desire to work closely throughout the months before the next budget season, to develop and consider policy options and additional revenue sources related to long- term fiscal health of the City; and

WHEREAS, the City Council has identified establishing a long-term fiscal sustainability strategy for the City as a priority goal in the 2023-4 Council priorities; and

WHEREAS, as part of the City Council’s review of the proposed FY 2024 budget, the Council identified various budget-related policy and revenue options for investigation, and created a short-term working group to begin that work; and

WHEREAS, the short-term working group submitted a report to the City Council on March 6, 2024 recommending next steps in the City’s evaluation of department fees and the implementation of a standardized budget calendar; and

WHEREAS, as part of the City Council’s review of the proposed FY 2025 budget, specific policy and revenue options have been identified that may have the potential to improve the City’s long-term fiscal health.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council will continue to review revenues, expenditures, reserves and economic projections throughout FY 2025, including quarterly fiscal reports on expenditures and revenues publicly presented by the City Manager and Finance Director; and

BE IT FURTHER RESOLVED that the City Council, working closely with the City Manager and staff, will review the policy recommendations of the Council working group formed under resolution 2023-15; and

BE IT FURTHER RESOLVED THAT the City Council will work with the City Manager and designated staff to refine the newly developed FY 2025 budget calendar to be applied to the FY 2026 budget process,

which will include: a new councilmember municipal budget orientation, pre-budget adoption public engagement; an FY 2026 budget forecast; and a City Council resolution establishing budget priorities, goals and budgetary considerations to the City Manager prior to budget creation; and

BE IT FURTHER RESOLVED THAT the City Council will work with the City Manager and designated staff in the next eight months to continue review of specific areas of City policy concerning the capital improvement program, relative to municipal best practices, specifically:

- the criteria for replacing vehicles and other equipment in the Equipment Replacement Reserve; and
- the criteria for road maintenance policy; and

BE IT FURTHER RESOLVED THAT the City Council will work with the City Manager and designated staff in the next eight months to consider the feasibility of increasing the City's revenue with potential adjustments to the following revenue sources:

- City fees to ensure that revenues cover the estimated cost of service delivery where feasible;
- Stormwater fund fees to fund an additional civil engineer to assist the City in its expansion of flood management efforts (i.e., adjust stormwater fee);
- Tax revenue sources :
 - railroad and utility tax;
 - vacant property or vacant housing tax;
 - commercial property tax rate; and
- County's "tax duplication" formula that accurately accounts for the City's budgeted costs associated with providing municipal services that are duplicated through County services, such as, Police, Crossing Guards, and Recreation.

Adopted this _____ day of May, 2024.

Attest: