



ASSEMBLY WORKSESSION-ANNUAL RETREAT 2024 AGENDA

December 07, 2024 at 8:30 AM

Airport Alaska Room

Assembly Worksession - No Public Testimony will be taken.

This will be an In Person meeting only - parking is limited so please carpool if you can.

[Times listed below are approximate.]

A. CALL TO ORDER

B. LAND ACKNOWLEDGEMENT

We would like to acknowledge that the City and Borough of Juneau is on Tlingit land and wish to honor the indigenous people of this land. For more than ten thousand years, Alaska Native people have been and continue to be integral to the well-being of our community. We are grateful to be in this place, a part of this community, and to honor the culture, traditions, and resilience of the Tlingit people. Gunalchéesh!

C. ROLL CALL

D. MANAGER'S REQUEST FOR AGENDA CHANGES/APPROVAL OF AGENDA

E. AGENDA TOPICS

1. **DISC Training** [8:30-9:30am]
2. **2024 In Review: Summary of Progress on Goals** [9:30-10:00am]
3. **Budget Discussion** [10:00am-12:00pm] [Link to 12/2 COW Presentation.](#)
4. **Lunch Break** [12-12:30pm, lunch will be provided]
5. **Finalize Goals** [12:30-3:00pm]

F. SUPPLEMENTAL MATERIALS

G. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.gov.



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TO: Mayor Weldon and Borough Assembly

FROM: Katie Koester, City Manager

DATE: December 3, 2024

RE: Assembly Goals

This year staff made suggestions to changes to your implementing actions (red text under the implementing action). The decision to make these suggestions was not taken lightly- these are your goals, and it is important that they reflect Assembly direction. However, because staff lean on the actions for their daily work, the more tangible and measurable they can be, the more useful they are for us as we implement the Assembly's will. I encourage you to think of the recommendations as a starting place for Assembly discussion - you can and should make them your own.

The suggested revisions reflect:

- The natural next step in the implementing action. If we have accomplished the implementing action (or part of it), we included what staff felt like was the natural next step.
- If the implementing action is ongoing to the extent that it has become part of regular business, we recommend removal. It would be impossible to capture all CBJ does - and all that is important to the Assembly - in these implementing actions.
- If the implementing action is a discrete task that is complete, we recommend removal.
- For some implementing actions we suggest that the 'action' is refining the action to a tangible task that can be accomplished in a one-year time frame. This work could be done in the committee of jurisdiction.
- If the implementing actions are two distinct tasks, we recommend splitting them into their own items.

The far-right column reflects updates on Assembly goals - and there is a lot to celebrate! At the retreat I will briefly present on how we - staff and Assembly as a team - have advanced your goals. This will be a time to ask questions of staff. In the afternoon you will break out in small groups to review and recommend changes to goals.

Recommendation:

Discuss, amend, and add to 2025 Assembly Goals and Implementing actions.

Assembly Goals 2025

Assembly Goals-Approved at the
MM/DD/2025 Assembly Meeting

1. Housing - Assure adequate and affordable housing for all CBJ residents

AA*	Implementing Actions	Responsibility	Notes:
A	After completion of ADU change, begin major T49/Comp Plan re-write project. Include project funding in FY25 budget. <i>Recommended change: separate into two implementing actions: 1) Complete Title 49 rewrite project Phase 1 text amendments and begin public engagement for Phase 2 and 2) Begin Comprehensive Plan re-write and public engagement.</i>	Assembly, Manager's Office, CDD	<i>T49 rewrite, funded in FY25, is underway. Special Projects manager hired in August, Ad hoc committee established in September, Contract Attorney onboarded in October. In November, the Committee reviewed and supported a Phase 1 / Wave 1 text amendment addressing ADUs, permit modifications, equivalent use determinations, major v minor development determinations, transition zone upzoning, and general rules of interpretation. This amendment will be before the Assembly in January.</i>
P/F/O			
B	Continue to monitor and track progress towards advancing the goals of the Housing Action Plan. <i>Recommended change: select a tangible next step from the Housing Action Plan to prioritize for 2024 OR remove goal to reflect the fact that advancing the goals of the Housing Action Plan is encompassed in goal #1.</i>	Assembly, Manager's Office	<i>Ongoing. All of the implementing actions in this section are encompassed in the Housing Action Plan.</i>
P/F			
C	Continue aggressive use of the Affordable Housing Fund, tax abatement, and other loan and grant programs. <i>Recommended addition: review fund guidelines to ensure meeting current housing goals.</i>	Assembly, Manager's Office	<i>Ongoing. The Assembly appropriated \$4.2M to JAHF in 2024 and applied for HD Pro housing grant in 2024 (\$3M).</i>
P/F/O			
D	Continue planning and implementation of (re)development of Telephone Hill, Pederson Hill, and the 2nd/Franklin property <i>Recommended addition: include planning and implementation work associated with CBJ land recently re-zoned to encourage greater density.</i>	Assembly, Manager's Office	<i>Telephone Hill: Place guide complete, which will be utilized by developers to respond to an RFI in the next few weeks. The goal of the RFI is to develop an understanding of what is required to facilitate a PPP for development. The Assembly will be asked to provide direction on those specific elements throughout the year as they are identified. Pederson Hill: Assembly sold phase 1b and 1c to THRHA and they have submitted permits to begin sitework in 2025. Lands/EPW consultant hired to design a new ROW to connect Karl Reishus Blvd to Hamilton St, which would open additional CBJ land to development. 2nd & Franklin: SOA has assigned an adjudicator to review the CBJ application to acquire the State parking garage adjacent to the CBJ property. NEW: Large tracts of CBJ property have rezoned before the Assembly in Dec/Jan. If successful, the Assembly may consider soliciting partners for development and disposal of one or more of these properties.</i>
P/F			
E	Measure and monitor short-term rental trends and evaluate feasibility of short-term rental regulation	Assembly, Manager's Office, CDD, Finance	<i>STR taskforce established 11/18/24. Scheduling underway.</i>
P/O			

Assembly Goals 2025

Assembly Goals-Approved at the
MM/DD/2025 Assembly Meeting

2. Economic Development - Assure Juneau has a vibrant, diverse local economy

AA*	Implementing Actions	Responsibility	Notes:
A	Negotiate agreements with cruise lines and associated industry to eliminate hot berthing, harmonize fees, and implement reasonable daily and/or ship size limits. Support and implement strategies to manage local tourism impacts. Engage in formal regional tourism planning efforts through AML. Recommended change: Work with industry to eliminate hot berthing and raise dockage fees. Support and implement strategies to manage local tourism impacts. Lead regional tourism planning efforts through Port Communities of Alaska.	Assembly, Manager's Office, Docks & Harbors	<i>Negotiated agreements with industry to set daily limits. Working to eliminate hot berthing. Formed a regional tourism staff organization through AML, CBJ chairing.</i>
B	Consider an update to the JEP, expiring in 2025. Recommend removal.	Assembly, Manager's Office	<i>Southeast Alaska 2030 Economic Plan (CEDs) on track for FY25 completion by Southeast Conference.</i>
C	Explore ways to support the Capital Civic Center	Assembly, Manager's Office, Finance	<i>The Assembly has allocated \$7M in General Fund and \$4M in Marine Passenger Fees.</i>
D	Support Eaglecrest's objective of becoming self-sufficient Recommended change: Develop funding strategy for the next 3 years of Eaglecrest's capital and operations needs. Shift to goal area 3 (Sustainable Budget and Organization).	Assembly, Manager's Office, Eaglecrest	<i>Eaglecrest has a long path ahead before potential self-sufficiency.</i>
E	Complete design for West Douglas and Channel Crossing, apply for construction funding and appropriate and/or bond for local match	Assembly, CDD, Planning Commission, Manager's Office	<i>Ongoing</i>
F	Collaborate with USCG and other partners to clear local hurdles in Icebreaker homeporting efforts	Assembly, Manager's Office, Docks & Harbors	<i>Application for US Coast Guard City submitted. Housing, childcare & quality of life are goals CBJ and USCG leadership share and identified needs for Icebreaker homeporting.</i>

3. Sustainable Budget and Organization - Assure CBJ is able to deliver services in a cost efficient and effective manner that meets the needs of the community

AA*	Implementing Actions	Responsibility	Notes:
A	Develop strategy for fund balance and debt service mill rate Recommend removal.	Assembly, Manager's Office, Finance	<i>Ongoing, annual task</i>
B	Maintain Assembly focus on deferred maintenance including BRH and JSD with emphasis on enhancing building efficiency. Recommended change: Maintain focus on regular operational maintenance. Develop strategy for addressing deferred vs capital maintenance needs.	Assembly, Manager's Office, EPW, all operating departments with facilities	<i>Building maintenance has implemented a system to track energy use, Assembly appropriates \$1M to JSD, \$2-4M for BRH and ~\$2M for CBJ deferred maintenance annually.</i>
C	Examine community grant process and priorities Recommend removal.	Assembly, Manager's Office	<i>Complete</i>

*Assembly Action to Move Forward: P = Policy Development, F = Funding, S = Support, O = Operational Issue

Assembly Goals 2025

Assembly Goals-Approved at the
MM/DD/2025 Assembly Meeting

4. Community, Wellness, and Public Safety - Juneau is safe and welcoming for all citizens

AA*	Implementing Actions	Responsibility	Notes:	
A	P/O/ S	Acknowledge and honor Juneau's indigenous culture and place names. Develop a naming policy. Consider the impacts of recognizing additional and/or replaced holidays, including Elizabeth Peratrovich Day, Indigenous People's Day, and Juneteenth.	Assembly, Manager's Office, Human Resources Committee	<i>HRC evaluated PRAC developed naming policy. Holiday discussions are anticipated to take place during collective bargaining.</i>
B				

5. Sustainable Community - Juneau will maintain a resilient social, economic, and environmental habitat for existing population and future generations.

AA*	Implementing Actions	Responsibility	Notes:	
A	P/O	Implement a zero waste or waste reduction plan, including development of the Zero Waste Subdivision.	Assembly, Manager's Office, EPW, Finance	<i>Waste characterization and solid waste futures (i.e. transfer station, landfill, or incinerator) studies are underway, anticipated reports next year.</i>
B	P/O	Identify and prioritize the most cost-effective energy efficiency and electrification upgrades in CBJ facilities. Recommend removal.	Assembly, Manager's Office, all departments	<i>Ongoing, multiple grants in process, significant facilities maintenance integration.</i>
C	P/O/ F	Implement projects and strategies that advance the goal of reliance on 80% of renewable energy sources by 2045 Recommended change: Identify the next major step to achieving the goal of reliance on 80% of renewable energy sources by 2045.	Assembly, Manager's Office, all departments	<i>Incremental progress towards fleet electrification - new vehicle purchases are assessed for EV options.</i>
D	P/F	Develop mitigation and resilience strategies aimed at reducing community risk and helping Juneau adapt to climate-related hazards that have been identified in the 7/22 ACRC Report Recommended change: Continue developing GLOF mitigation and resilience strategies with partner agencies.	Assembly, Manager's Office, EPW	
E	P/O/ F	Develop strategy to reduce abandoned/junked vehicles	Assembly, Manager's Office, EPW, Law, P&R, D&H	<i>Ongoing, code revisions underway.</i>

*Assembly Action to Move Forward: P = Policy Development, F = Funding, S = Support, O = Operational Issue

Fiscal Update

FY24 Year End

FY25 Update

FY26 Looking Ahead

Committee of the Whole

December 2, 2024

Never-ending Need for Resources

\$6.5M in Fund balance uses since the approval of the FY25 Budget (June)

Item	Source	Amount
Glacial Outburst Flooding		
Flood Levee Barriers	RBR	2,000,000
Flood Study (Total of \$3M)	GF Reapprop	2,000,000
Flood Study (Total of \$3M)	RBR	1,000,000
Inundation Maps & Hydrological Modeling	GF	100,000
Aug 6 Response	GF & RBR	655,000
Rainforest Recovery Transition	GF	500,000
Home Health & Hospice	GF	200,000
Civic Engagement & Communication	GF Reapprop	50,000
St. Vincent de Paul Grant	GF	35,025

Never-ending Need for Resources

Estimated amounts for anticipated requests in FY25 and FY26

Item	FY25	FY26
Flood Barriers (total construction)	\$6M	
Childcare		\$500K - \$1M
Floyd Dryden & Marie Drake		
Operations	\$1M	
Capital	\$2M	\$6M - \$9M
Cubicles and Floorplan Reversal		\$4M
Eaglecrest		
Operations	\$200K - \$1M	\$200K - \$1M
Capital	\$750K	\$1M
Crisis Now	\$200K	\$200K
DZ Playground	\$1.8M	
Communication Implementation		\$250K-\$500K
Expanded Sheltering Operations	\$400K	\$400K
Negotiated Wage Changes		\$???

Restricted Budget Reserve

Resolution 2629, Section 1

It is the intent of the Assembly that the amount of the CBJ budget reserve be adjusted on an annual basis based on general governmental revenues from the most recently audited annual financial statements, using the Government Finance Officers Association's recommended reserve target of not less than two months (16.7%) of annual operating revenues.

FY24's Revenue

\$151,715,725

x .167

\$ 25,336,526 in Restricted Budget Reserves

CBJ Funds that go outside CBJ

Category	FY24 Actuals	FY25 Budget
Arts & Entertainment	670,000	955,500
Childcare	2,330,000	2,655,000
Economic Development	4,526,900	5,908,300
Housing	7,123,700	4,000,000
Human Services	2,186,200	2,768,100
Grand Total	\$ 16,836,800	\$ 16,286,900

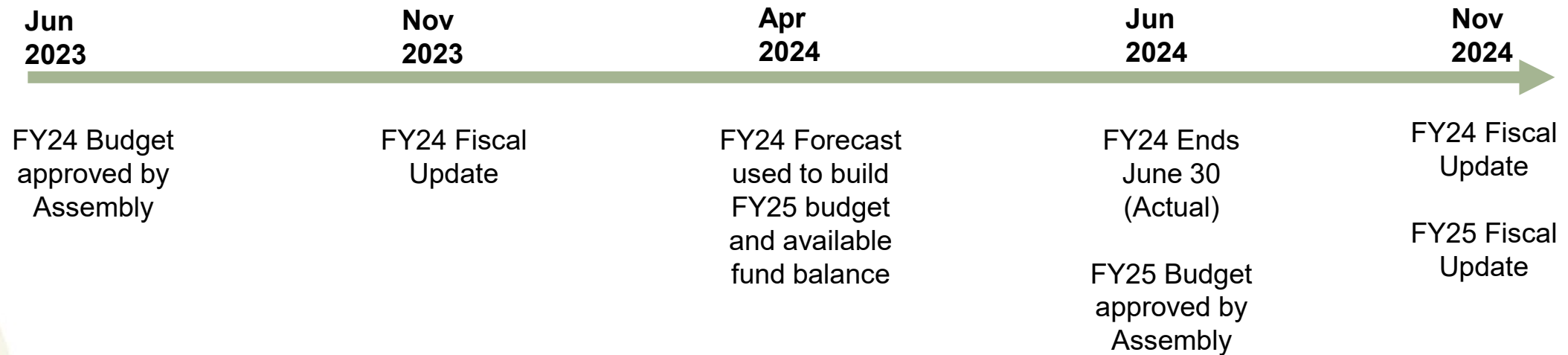
FY 2024 Year-End Update

Budget vs. Actual vs. Forecast

Budget – The Assembly approved or amended expenditure and revenue amounts. An approved plan for the future.

Actual – The amounts physically received or spent. The reality of the approved the plan.

Forecast – A projection or prediction of actual expenditures and revenue.



General Government Operations

Type of Revenue	FY24 Budget	FY24 Actuals	FY24 Budget Surplus/ (Deficit)	FY24 Forecast	FY24 Forecast Surplus/ (Deficit)
Charges for services	7,845,900	8,142,508	296,608	7,845,900	296,608
Federal	3,227,900	3,286,563	58,663	3,227,900	58,663
Investment	3,306,400	12,787,334	9,480,934	5,306,400	7,480,934
Motor Vehicle Registration	762,000	720,678	(41,322)	762,000	(41,322)
Property Tax	56,739,100	55,884,579	(854,521)	57,307,377	(1,422,798)
Sales Tax *	67,790,000	66,926,631	(863,369)	67,190,000	(263,369)
State	3,350,800	3,967,432	616,632	4,157,994	(190,562)
Total	\$ 143,022,100	\$ 151,715,725	\$ 8,693,625	\$145,797,571	\$ 5,918,154

* Remember FY24's sales tax revenue was lowered by \$3.4M due to an FY23 revenue recorded in error.

General Government Operations

Section E, Item 3.

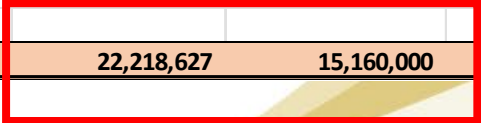
Type of Expense	FY24 Budget	FY24 Actuals	FY24 Budget Surplus/ (Deficit)	FY24 Forecast	FY24 Forecast Surplus/ (Deficit)
Salaries, Wages and Benefits	60,920,857	54,965,987	5,954,870	56,920,857	1,954,870
Commodities & Services	32,747,804	29,010,904	3,736,900	30,747,804	1,736,900
Grants	11,768,900	12,060,693	(291,793)	11,768,900	(291,793)
Capital Outlays	752,724	599,332	153,392	752,724	153,392
Full Cost Allocation Abatements	(6,031,700)	(6,165,676)	133,976	(6,031,700)	133,976
Total	\$ 100,158,585	\$ 90,471,241	\$ 9,687,345	\$ 94,158,585	\$ 3,687,345

Non-General Government Expense

Department/Fund	FY24 Budget	FY24 Actuals	FY24 Budget Surplus/ (Deficit)	Percent Under Budget
Arboretum	107,300	107,300	-	0%
Downtown Parking	782,400	630,942	151,458	19%
Risk Management	36,190,890	32,575,635	3,615,255	10%
Facilities Maintenance	3,403,561	3,166,009	237,552	7%
Lands & Resources	2,395,700	1,899,725	495,975	21%
Fleet	2,825,345	2,457,290	368,055	13%
Wastewater	16,410,143	13,786,847	2,623,296	16%
Water	7,804,670	7,426,064	378,606	5%
Eaglecrest	3,910,551	3,873,033	37,518	1%
Airport	15,100,780	15,085,093	5,686	0%
Bartlett	157,369,040	150,694,306	6,674,734	4%
Docks	2,542,473	2,433,107	109,366	4%
Harbors	5,194,288	5,048,691	145,597	3%
Total	\$ 254,037,140	\$ 239,184,042	\$ 14,843,098	

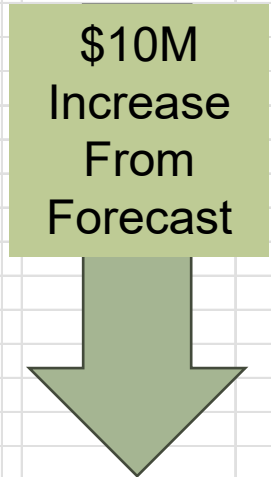
Budget Summary Used for FY25 Budget

				Revenues	Expenditures	Surplus (Deficit)	Unrestricted Fund Balance	Combined General and Sales Tax Fund Balance		
								Restricted Reserve	Total	
256	FY2024									
365	Assembly Adopted Budget			184,537,622	(203,425,017)	(18,887,395)	22,257,367	19,030,000	41,287,367	
366										
368										
369	FY24 Estimated JEDC COVID Emergency Loan Repayment							\$	230,000	
371	FY24 JSD One-Time Loan							\$	(4,100,000)	
372	FY24 JSD One-Time Funding					\$	(3,922,787)			
373	Gastineau Human Services Grant					\$	(2,000,000)			
375	Affordable Housing Fund					\$	(1,600,000)			
376	North Douglas Crossing Grant Match					\$	(1,213,423)			
378	Suicide Basin Monitoring					\$	(28,000)			
379	State Funding for Childcare - Deappropriation of General Funds					\$	950,000			
380	Supplemental Appropriations			\$	-	\$	(7,814,210)			
382										
383	Investment Income Above Estimates			2,000,000						
385	Property Tax Deferral from FY23			977,422						
386	Community Assistance Program Award Above Estimates			412,594						
387	Transit State Grant Increase			394,600						
389	Property Tax Certified Roll True-Up/Flood Impacts			(409,145)						
390	Sales Tax Revenue Below Estimates			(600,000)						
392	Anticipated Non-Personnel Services Lapse				\$	1,000,000				
393	Anticipated Personnel Services Lapse				\$	4,000,000				
394	Anticipated Variances			\$	2,775,471	\$	5,000,000			
396										
397	Final Year-End (projected)			187,313,093	(206,239,227)	(18,926,134)	22,218,627	15,160,000	37,378,627	



Updated for FY24 Actuals

	Revenues	Expenditures	Surplus (Deficit)	Combined General and Sales Tax Fund Balance	
				Unrestricted Fund Balance	Restricted Reserve Total
249 FY2024					
327 Assembly Adopted Budget	184,537,622	(203,425,017)	(18,887,395)	22,270,063	19,030,000
328					
329					
330					\$ 30,000
331					\$ -
332		\$ (3,922,787)			
333		\$ (2,000,000)			
334		\$ (1,600,000)			
335		\$ (1,213,423)			
336		\$ (34,367)			
337		\$ (28,000)			
338		\$ 950,000			
339 Supplemental Appropriations	\$ -	\$ (7,848,577)			
340					
341		9,467,900			
342		412,594			
343		296,600			
344		262,706			
345		(99,408)			
346		(409,145)			
347		(445,376)			
348		(863,369)			
349		\$ (240,997)			
350		\$ 85,987			
351		\$ 81,800			
352		\$ 3,611,300			
353		\$ 5,784,900			
354 Anticipated Variances	\$ 8,622,502	\$ 9,322,990			
355					
356 Final Year-End (projected)	193,160,124	(201,950,604)	(8,790,480)	32,366,978	19,060,000
396					
397 Final Year-End (projected)	187,313,093	(206,239,227)	(18,926,134)	22,218,627	15,160,000



FY 2025 Mid-Year Update

Budget Summary FY25

		Revenues	Expenditures	Surplus (Deficit)	Unrestricted Fund Balance	Combined General and Sales Tax Fund Balance	
						Restricted Reserve	Total
249	FY2024						
356	Final Year-End (projected)	193,160,124	(201,950,604)	(8,790,480)	32,366,978	19,060,000	51,426,978
357							
358	FY2025						
435	Assembly Adopted Budget	195,730,529	(211,647,029)	(15,916,500)	16,450,478	20,060,000	36,510,478
436							
437							
438	Glacier Outburst Flood Levee Barriers (RBR)	\$ -	\$ -			\$ (2,000,000)	
439	USACE Glacial Outburst Flood Study (offset by Fisheries Terminal deappropriation) (GF and RBR)	\$ 2,000,000	\$ (2,000,000)			\$ (1,000,000)	
440	GHS Grant for Rainforest Recovery Transition - <i>pending adoption</i>	\$ -	\$ (500,000)			\$ -	
441	BRH Home Health and Hospice	\$ -	\$ (200,000)			\$ -	
442	Glacial Outburst Flood Response (GF and RBR)	\$ -	\$ (150,000)			\$ (505,000)	
443	Expanded Inundation Maps and Hydrological Modeling of the Mendenhall River	\$ -	\$ (100,000)			\$ -	
444	Civic Engagement and Communication Strategy (offset by Hut to Hut deappropriation)	\$ 50,000	\$ (50,000)			\$ -	
445	St. Vincent de Paul Grant for Property Taxes (offset by property tax revenue)	\$ 35,025	\$ (35,025)			\$ -	
446	Supplemental Appropriations	\$ 2,085,025	\$ (3,035,025)			\$ (3,505,000)	
447							
448	Community Assistance Program Award Above Estimates	\$ 374,914					
449	Property Tax Certified Roll True-Up	\$ (192,189)	\$ -				
450	Anticipated Variances	\$ 182,725	\$ -				
451							
452	Final Year-End (projected)	197,998,279	(214,682,054)	(16,683,775)	15,683,203	13,050,000	28,733,203

Should be \$25M

Budget Summary FY25

FY25 Adopted Budget includes ONE-TIME expenditures:

\$6,000,000	Public Safety Communication Infrastructure
3,000,000	Title 49 Re-Write
1,650,405	JSD One-Time Cost Share
632,300	Departmental One-Time Expenses
120,000	Maintenance for JSD Admin, Marie Drake & Floyd Dryden
14,000	Juneau Festival Committee Equipment Replacement
2,000,000	Affordable Housing Fund
1,000,000	Contribution to Restricted Budget Reserve
668,800	Alaska Heat Smart (3-year operational support)
518,800	Eaglecrest GF Support
500,000	Sealaska Heritage Institute STEM Fab Lab

498,400	CCFR Aerial Ladder Truck
400,000	AEYC (3-year operational support)
151,000	JAHC Regranting Program
80,000	Strategic Long-Term Planning Tool
75,000	Dzantik'I Heeni Playground Design
50,000	Independent Analysis of Eaglecrest Revenue Projections
40,000	Juneau Mountain Bike Association
40,000	Downtown Business Association Operational Support
28,500	AK Small Business Development Center Operational Sppt
\$17,467,205	TOTAL One-Time Expenditures in Adopted Budget

FY25 Adopted Budget includes ONE-TIME Revenue of \$2,500,000
(Triangle Dock Project repayment to General Fund)

Revenue

FY 2025 Quarter 1 Revenue

(in millions)

	Budget	Actual	Variance
Sales Tax	22.7	22.9	0.2
Remote Sales Tax	1.16	1.26	0.1
Hotel Tax	1.41	1.57	0.16
Liquor Tax	0.47	0.46	-0.01
Marijuana Tax	0.13	0.09	-0.04
Tobacco Tax	0.78	0.74	-0.04
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	26.65	27.02	0.37

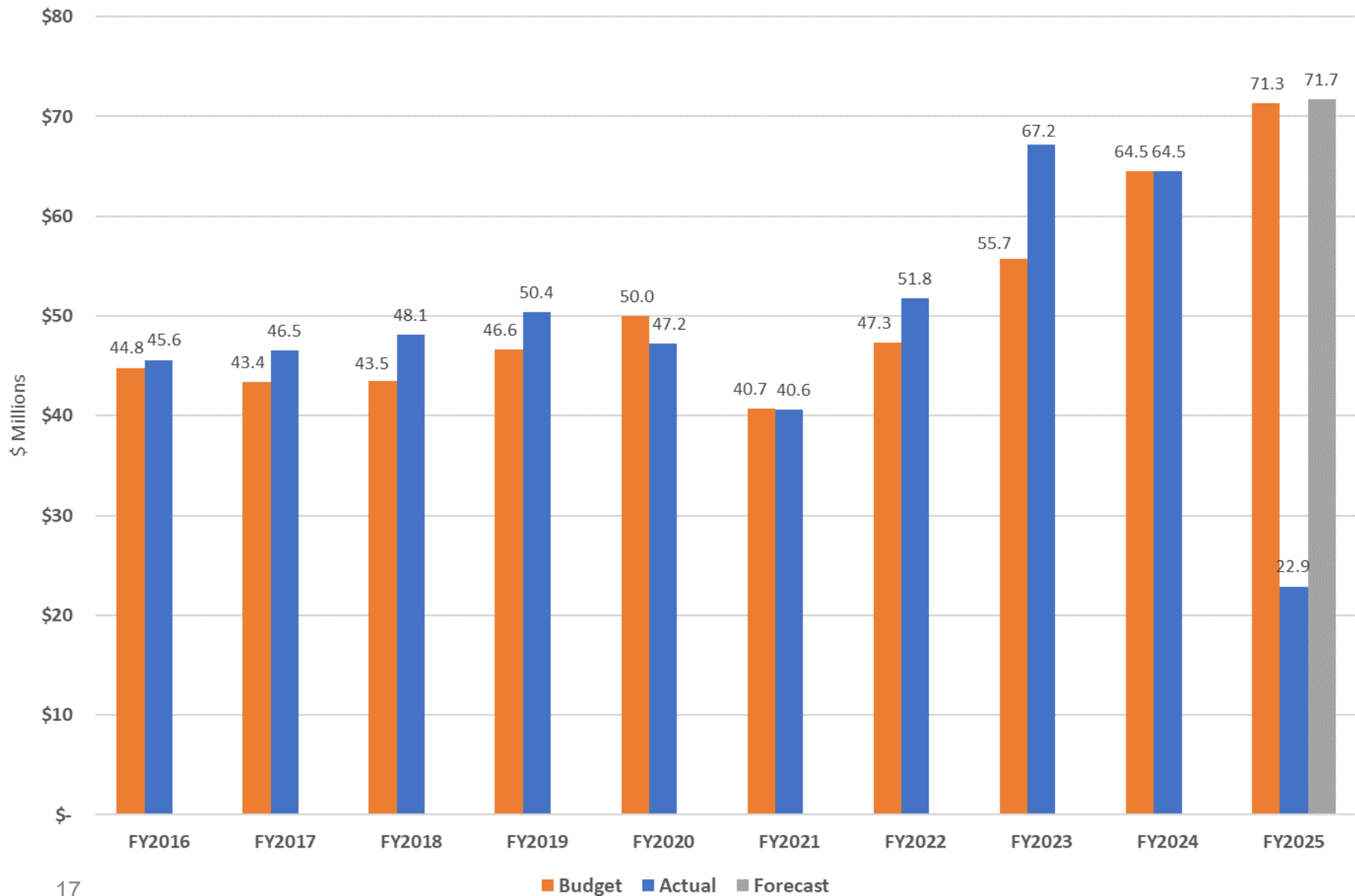
Annual Amount, YTD Actuals

Property Tax	57.08	56.09	(0.99)
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Revenue

Sales Tax (including remote) in \$Millions - updated 11/22/24

Section E, Item 3.



FY 2026 Budget Preparation

Disclaimer

Information presented in the FY26 Forecast,
especially Budget Assumptions and Manager Proposed Budget are

VERY DRAFT

and intended for discussion with the Committee of the Whole.

No direction has been given to the Manager, nor have any decisions been made.

FY26 Budget Assumptions for Retreat Discussion

- Inflation – anticipate ‘normal’ inflation overall for Alaska, perhaps some deflation in some sectors.
 - Impacts: commodities, supplies, services, sales tax revenue
 - National GDP expected to grow 2.1% in calendar year 2025
- Tourism – anticipate cruise ship activity and other tourism to be flat compared to summer 2024
- Salaries – unknown as we engage in labor negotiations
 - Salary savings being analyzed by department and fund
- Benefits – projecting an 0% increase to employer-paid benefit costs to departments
- Property Assessments – too early in the assessment cycle to know, assume 0.0% value increase
 - Last year’s growth was 0.6%
- General Receipts – programmatic revenue (permits, participation fees, etc.) assume 2.0% growth
- Structurally Balanced Budget – recurring revenue is sufficient to pay for recurring expenditures
 - Backing into the area-wide property tax mill rate as the last piece of revenue to balance the budget.
 - No one-time funding for operating expenses
- FY26 Debt Service Mill Rate flat from FY25 at 1.08

FY26 Budget Risks for Retreat Discussion

- Property Valuation
 - Stagnant property values and sales (excluding flood area)
 - Potential reduction in assessed property values due to:
 - Additional exemptions – state imposed, late filing approvals
 - Flood-related relief
- Wage Negotiations
- Aging infrastructure – physical and software
- Expectation of community grants and subsidies
- Aggressive FY25 budgeting of revenues
- Continuing shift of funding from Federal and State governments to Local government

FY26 Budget Estimations

We anticipate natural operational expenditures to increase and be offset by natural revenue increases.

Excludes:

Moving operating items out of one-time from FY25

Anticipated operational asks (Eaglecrest support, homelessness support, childcare)

Negotiated wage changes

A rough FY26 budget estimate including base budget increases with assumptions, operational items previously one-time, additional communications and continued Eaglecrest support easily results in at least a \$5M increase. Natural revenue growth would include an additional offset the increase by \$2M, leaving \$3M of additional funding needed.

If only mill rate, based on FY25's assessed values – approximate mill rate of 10.44 (compared to 10.04)

Revenue

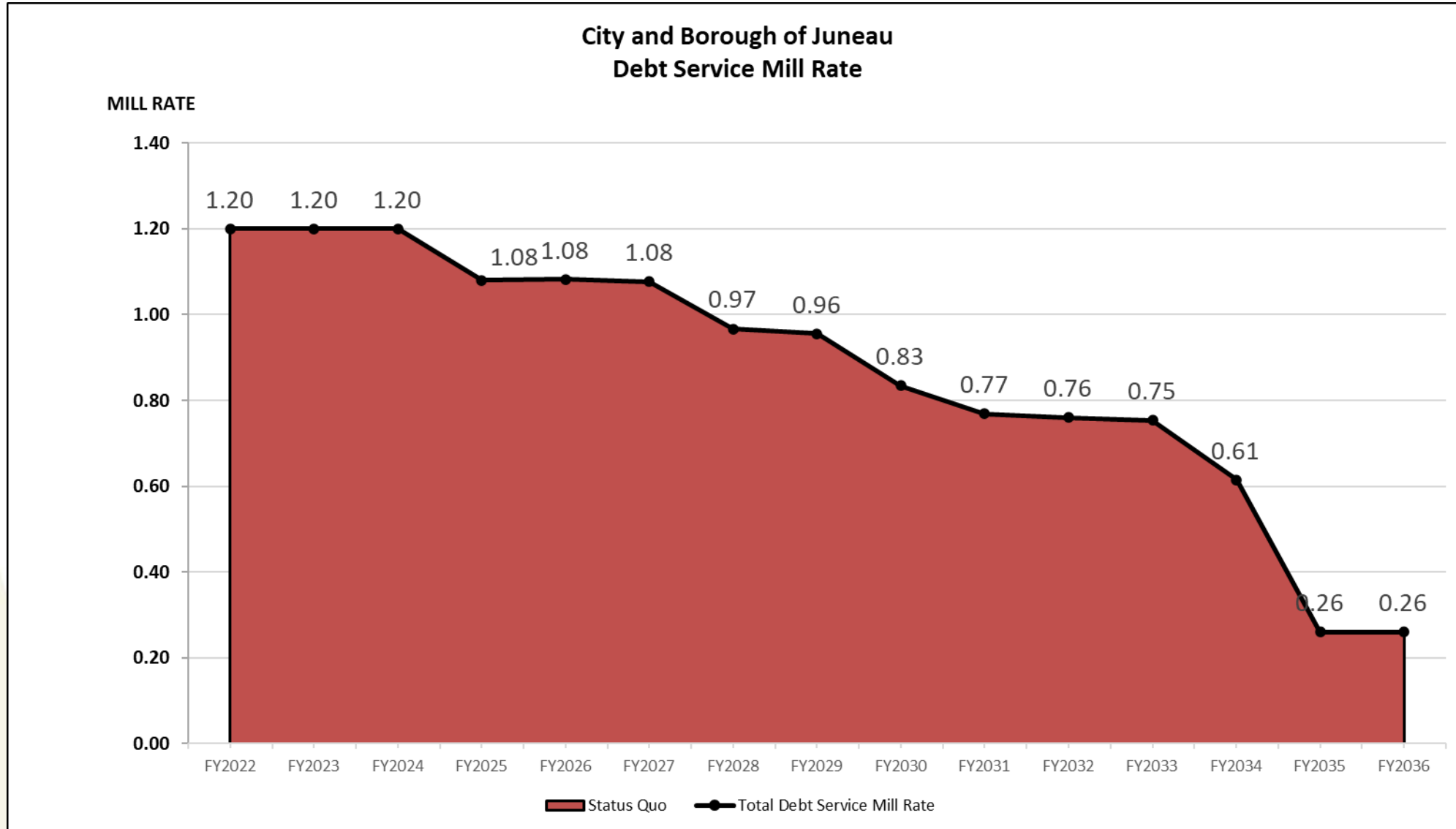
For basic calculations, every additional \$1M added to the budget requires a 0.16 increase to the mill rate.

An increase in summer sales tax (April – Sept) of .5% increases revenue by approximately \$4M based on FY25 budgeted sales tax receipts. This time period represents approximately 65% of reported sales tax.

0.5%	→	\$4.3M
1.0%	→	\$8.6M

Debt Service Mill Rate

Note – the bonds approved by voters in 2024 have not been issued yet, but are included here.



FY26 Questions for Retreat Discussion

Section E, Item 3.

1. What is the comfort level with the assumptions presented on slide 20?
2. Do you want to explore revenue changes?
3. Do you wish to adjust levels of service?
4. Do you want to consider bond initiatives for October 2025?