



2026 Operating Budget Amendments

Overview for October 27, 2025 Finance Committee Meeting

- Review of Expenditure Restraint Incentive Program (ERIP)
- Annualized cost of 2026 amendments
- Impact of amendments on 2027 budget

Historically, the levy limit has been a greater constraint than ERIP.

	Levy Limit	ERIP Limit	Difference
2019	\$412,201	\$10.0m	\$9.6m
2020	499,599	8.7m	\$8.2m
2021	520,722	7.3m	\$6.8m
2022	260,058	11.3m	\$11.0m
2023	436,207	11.0m	\$10.6m
2024	235,243	29.3m	\$29.1m
2025	56,337	303,404	\$0.2m
2026	4.9m	418,286	-\$4.5m

- Table summarizes how much levy limit capacity was remaining in each executive budget and final ERIP capacity
- Usually, the ERIP limit is significantly higher than levy limit, meaning we could increase expenditures more than revenues would allow
- State paused ERIP in 2024 due to Act 12
- 2025 expenditures include an additional \$2.3 million appropriation in mid-year resolution to maximize capacity for 2026
- 2026 is first budget that will have an ERIP constraint before levy constraint

ERIP in the 2026 Executive Budget

The proposed expenditure amount is \$418,286 below the maximum allowable amount. Finance recommends maintaining at least \$200,000 as a margin for future readjustments. This leaves the Finance Committee and Common Council up to \$218,286 for proposed amendments.

Why leave a \$200,000 margin?

- ERIP eligibility is all-or-nothing – if we go \$1 over the limit, we lose \$7 million to \$9 million in state aid.
- Leaving expenditure room will allow the City to appropriate funds mid-year to respond to emergencies/unplanned events (e.g. additional snow events).
- As proposed, FC amendments are \$35,826 higher than Finance Department recommendation.
- In addition to ERIP “margin,” City could also appropriate funds from contingent reserve or redirect underspending in agency budgets to address needs in 2026.

Maximum Expenditure Capacity	Executive Budget	Remaining ERIP Capacity under Exec. Budget	FC Amendments	Remaining ERIP Capacity under FC Budget
\$380,384,799	\$379,966,514	\$418,286	\$254,111	\$164,174

Annualized Cost of Amendments

Agency	Amendment	Fiscal Impact in 2026	Ongoing Annual Cost
Department of Civil Rights	Increase Community Connectors from 0.6 FTE each to 0.8 FTE each	\$79,809	\$79,809
Economic Development Division	Increase Double Dollars contribution	\$12,500	\$12,500
Economic Development Division	Competitive RFP process for downtown programming	\$0	\$0
Economic Development Division	Increase contribution to the Downtown Business Improvement District (BID)	\$12,225	\$12,225
Engineering Division	Add 1.0 FTE Surveyor 2 Position	\$68,602	\$106,961
Office of the Independent Monitor	Increase Data Analyst position from 0.6 FTE to 0.8 FTE	\$18,258	\$18,258
Parks Division	Add 1.0 FTE Parks Program Coordinator	\$62,717	\$90,940
Public Health*	Adjustments to reflect County Executive budget and fund additional City priorities	\$0	\$0
TOTAL		\$254,111	\$320,693

**PH amendment does not change the total City levy for Public Health, but it does shift \$213,843 from funding joint City-County costs to City only costs on an ongoing basis.*

ERIP in 2027

Agency	Amount
Estimated ERIP capacity after base adjustments/ corrections	\$3,700,000
Reversing one-time Room Tax adjustment in 2026	\$(250,000)
Annualizing Executive Budget Supplementals • Full year of Imagination Center Operations (+\$851,800) • Full year of 10th Ambulance (+\$750,000) • Clerk's Office restructure (+\$131,800) • Other adjustments (+88,000)	\$1,821,700
Annualizing Finance Committee Amendments	\$320,700
Total Remaining ERIP Room (estimated)	\$1,307,600