

April 2, 2025

Executive Session Talking Points for FY 2026 Budget Process

Prepared by the Legislative Policy Division

Good morning, City Council Members!

We have a lot to cover during Executive Session these next four days, so I would like to start out with some brief comments:

- It has been a great pleasure working with this City Council over the last three and a half years! And it's been my honor working with you during these important budget processes!
- Thank you, Council, for conducting 46 budget hearings over the last three weeks to review Mayor Duggan's proposed FY 2026 budget and for also hearing from the public on the proposed budget.
- I want to thank my wonderful LPD fiscal team and wonderful auditors from the Auditor General's Office for helping to put together the budget reports you received during the budget process, and I believe they were helpful to the Council.
- I want to thank LPD staff for preparing these Executive Session spreadsheets
- And I want to thank the Office of Budget's participation in the budget process!

And I think it's important to remind the citizens that we are only working with a finite set of dollars of around \$3 billion to address citizen budgetary concerns. And it's also important to remind everyone that Council can only influence the proposed \$1.58 billion general fund budget, which are discretionary dollars, and that is why the budget process focuses primarily on the general fund portion of the proposed budget. The remaining \$1.44 billion of the proposed budget are dollars Council cannot touch because they represent dollars for restricted purposes, such as fees and grants that support our enterprise agencies such as the water and sewerage department, state gas & weight taxes for road improvements, and other state and federal grants designated for specific purposes.

Now for the business at hand...

- City Council is now in "Executive Session" to finalize its deliberations over the Mayor's proposed FY 2026 budget.
- Executive Session ends on Monday, April 7th, which is the last day City Council votes on the FY 2026 budget. Of course, Council could vote on the budget earlier than Monday, April 7th if you're done with Executive Session on an earlier day.

- During Executive Session, Council is discussing items Council members have put into Executive Session during the budget process. We in LPD have done our best to capture Council's items on the Executive Session spreadsheet that's before you. We apologize if we missed something! Of course, Council could technically put an item in Executive Session while being in Executive Session, but given the limited time we have, I suggest you limit as much as possible any additional items you put into Executive Session.

- Again, Council votes on any changes to the proposed FY 2026 budget by Monday, April 7th:
 - Any monetary changes to the budget Council makes will appear on Schedule B for your vote to amend the proposed budget. Council must "find" the money to make a monetary change (in other words, reduce an appropriation somewhere since estimated revenues are set during the February revenue estimating process).
 - Any non-monetary issues Council raised during Executive Session where you are urging the Administration to address in the upcoming fiscal year should go into Council's "Closing Resolution". Council's Closing Resolution also contains various budget policy and planning priorities expressed by the City Council. LPD would greatly appreciate the Council sharing final Closing Resolution language with us in LPD as soon as possible to expedite the preparation of the Closing Resolution and get it to you for review. Of course, Council will vote on a final version of Council's Closing Resolution.
 - Council also votes on Schedule A which represents the FY 2026 CDBG (Community Development Block Grant) /NOF (Neighborhood Opportunity Fund) dollar allocations based on Council's deliberations over these dollars this past March.

- By Monday, April 7th, Council will also vote on the following for the FY 2026 budget process:
 - If submitted by the Administration, the Correction of Errors memorandum or "Errata Letter" which identifies errors in the budget document the Administration has found such as numerical or typographical errors.
 - The Administration's Closing Resolution, which contains various provisions governing the execution of the annual budget.
 - The Administration's FY 2026 Official Compensation Book that sets the rates of pay for the various job classifications for City employees.

- And, the Administration's FY 2026 Tax Statement that sets the property tax rates, or millages, the City will levy for both operating and debt service purposes.
- After Council votes on the FY 2026 budget with any changes, the following occurs:
 - City Clerk submits the FY 2026 budget with any Council changes to the Mayor on Tuesday, April 8th.
 - The Mayor has up to Friday, April 11th to veto any of Council's changes to the FY 2026 budget.
 - City Council has up to Tuesday, April 15th to override the Mayor's vetoes by a two-thirds majority vote.
- This document I'm reading from, and the Executive Session spreadsheet will be posted on LPD's website, which is located under City Council's website.

We can now proceed to the Executive Session spreadsheet:

- We will refer to an item on the Executive Session spreadsheet by line-item number in the first column on the left.
- We will start with line number 6 and will go line by line. **Council will take a vote on each line item, whether it results in removing an item from Executive Session, or whether it results into a monetary change to the Mayor's proposed FY 2026 budget, or whether the item ends up in Council's Closing Resolution.**
- Council can put a "PIN" on an item needing further follow-up or explanation.
- After today's scheduled Executive Session, LPD will attempt to produce a new version of the Executive Session spreadsheet every day.
- There are currently 258 line items for Council's deliberation on the Executive Session spreadsheet you have before you.
- In terms of where the numbers are currently, please turn to page 11 of the Executive Session spreadsheet. You'll see that so far Council has put one-time general fund items totaling \$77.97 million and recurring general fund items totaling \$8.1 million into Executive Session as changes to the Mayor's proposed FY 2026 budget.
- When you turn to the middle of page 12, you will see that LPD has identified \$51 million in one-time general fund items totaling \$51 million and recurring general fund items totaling \$6.5 million.

- There's also \$15 million in American Rescue Plan Act, or ARPA, dollars that hopefully could be used to fund some of your FY 2026 budget priorities.
- LPD suggests you start with our suggested funding sources to help shape the discussion as to how Council's proposed monetary changes to the budget get funded and hopefully help expedite the Executive Session process.

Thank you very much for your consideration!