**Eau Claire City Council Public Hearing (11/10)**
Transcript from video recording of hearing on the 2026 City Operating Budget
(Transcribed by Gigi Galdamez, Chamber Governmental Affairs Intern)

Jay Winzenz, City Finance Director (2014-2022), *Retired* (at 44:50)

- I want to talk a little about the historical perspective on the operating budget and then I'll talk a little bit specifically about the 2026 budget.
- I'm going to be looking at two different time periods; 2018 through 2022, and 2022 through 2026.
- Between those time periods in 2022 to 2026, the annual CPI average change was about 4.13%, compared to 3.12% from 2018 to 2022. From 2022 to 2026, general fund operating expenditures increased at an average rate of 5.19% per year compared to 1.96% from 2018 to 2022. The average annual increases for general government were 8.22%, public safety 5.84%, community services 1.76%, and engineering 1.14%. From 2022 to 2026, the total number of city employees paid through the general fund increased from 389.5 to 428.75, that's an increase of 39.25 employees. From 2018 through 2022, the total number of city employees paid through the general fund increased from 387 to 389. From 2022 to 2026 the property tax levy increased at an annual rate of 4.88% compared to 2.9% from 2018 through 2022. And general fund debt service as a percent of the property tax levy averaged 22.36% in the early period.
- City council recently amended your debt policy which eliminated that 25% limit. The proposed debt levy in the 2026 budget increased now above that 25% limit to 25.13%.
- Specifically in this 2026 operating budget, I just want to point out to folks that there are costs that are being shifted from the general fund budget to other non-general fund budgets through the use of service fees. $923,900 is being shifted from the general fund to the storm water utility. $421,300 is being shifted to tax incremental financing districts. That's $1.3 million in costs that used to be general funds that are now being paid by these other entities. These are taxes. These are taxes on the residents of Eau Claire that need to be paid through your storm water fees whether you're a business or a property owner, you pay storm water fees. The transfer from the TIDs means those districts will need to be open longer in order to break even.
- Lastly, I'd like to point out that the 2026 budget proposes over $1.6 million in personal costs that are being paid from revenue sources that I believe will expire by the end of the year. The city of Eau Claire is facing a fiscal cliff in the 2027 budget. You all are going to have to make some very, very difficult choices. These are all in addition to the health insurance increases and the wage increases that you all will be experiencing. I'd be happy to answer questions.

Dale Peters, City Manager (City staff beginning 1989, City Manager 2016-2020), *Retired* (at 49:16)

- I want to thank you for your service, because without members of the community doing what you do, we cannot have a highly functioning community so thank you for that.
- In terms of the budget, for decades, levy limits and shared revenue meant that revenues didn't keep up with inflation or service demands. We cut services, we maintained roughly the same number of employees, well people with the same services, and we weren't able to increase those services, and that was not sustainable. And Andrew and Emily, you heard us say that a lot, that we were in an unsustainable situation. In the past few years though, increased shared revenue, the previously passed wheel tax, the referendum, the proposed wheel tax, and shifts from administrative costs to other funds, provided more than $6 million dollars in additional revenue to the general fund. That's $6 million of additional money, above and beyond what you

would normally get through your levy increases and there are millions of dollars of one time COVID money. There has been an unprecedented amount of new revenue, which I think is fantastic.

- This new funding as Jay pointed out was used to create 39 new positions, new services and priorities, unfortunately many of the 39 positions were used not with the age-old principle of using one time money for one-time expenses. The wheel taxes are not being used to increase roads and public transportation. Roadwork remains at historical levels, and instead of increasing public transportation services, the proposed wheel tax will be used to eliminate the general fund trans-subsidy which allows more general fund spending. As Jay pointed out, $1.6 million of SAFER and ARPA is in the 2026 budget that runs out next year. At the same time, there's dramatic changes in cost implications of health insurance which is your second largest operating expense. You had a significant change to your debt policy which unfortunately was not deemed news-worthy. Councilmember Miller, you were correct to ask questions about the impact of that, and as Jay pointed out, the budget already exceeds the previous policy.
- So as a community, we went from not having enough money to keep up with community growth, to unheard of amounts of money, which did provide an opportunity to address increased service demands. Unfortunately, one time money has been used to hire people, instead of using that new revenue for that ongoing expense. And this approach, of course, is not sustainable.
- Long term fiscal responsibility is arguably the most important responsibility we have. It creates trust and the resources to create a safe and sustainable community. As Jay outlined clearly, the city is on the edge of a financial cliff because of unstable increases in expenses. There are some very hard decisions ahead of you. Historically speaking, you have had a substantial revenue increase, unfortunately you have had voluntary increased expensed services that exceed your sustained revenue. At this point you have no choice but really pass the wheel tax and still leaves the city on the edge of this fiscal cliff. Our hope is that you will engage in these difficult discussions early through with transparency and engaged media reporting in 2026.
- Please know that our comments are meant to raise awareness, perspective, and engagement. We are not here to find fault or to provide criticism. These are difficult topics and decisions and we really appreciate the opportunity to be here, we appreciate your commitment to tackling difficult leadership issues in a civil, transparent, and engaged manner. Thank you for your time and your service.