



Agenda: Battle Creek City Commission Workshop

Event Name: City Commission Workshop: FY27 Budget
Meeting Date: May 7, 2026 - 6:00 PM
Location: Battle Creek City Hall - City Commission Chambers - 3rd Floor
Chair: Mayor Mark A. Behnke

WELCOME AND INTRODUCTION

ROLL CALL

PUBLIC COMMENT - LIMITED TO 3 (THREE) MINUTES PER INDIVIDUAL

PRESENTATION

1. Presentation of Proposed Budget for Fiscal Year 2027

COMMISSION COMMENTS

ADJOURNMENT

It is the desire of the City Commission to encourage public expression in the course of its meetings. Such expression can be integral to the decision-making process of the City Commission. It is the intention of the City Commission to respect the rights of persons addressing the Commission. Public comment periods are a time for citizens to make comments; they are not intended as a forum for debate or to engage in question-answer dialogues with the Commission or staff. Commissioners are encouraged not to directly respond to speakers during public comment periods. At the conclusion of the speaker's remarks, the Mayor or individual Commissioners may refer a question to City staff, if appropriate. Also, individual Commissioners may choose to respond to speakers during the "Commission Comment" period.

It is with these aims in mind, so as to promote decorum and civility and an orderly process for conducting its public business meetings, that the following rules concerning public comments, consistent with applicable law, are adopted by the City Commission.

- (1) Persons attending a regular or special Commission Meeting shall be permitted to address the City Commission in conformity with this rule. The opportunity to address the Commission shall be limited to the following:

(a) Persons desiring to address the City Commission are encouraged, but shall not be required, to fill out and turn in to either the City Clerk, Mayor, or presiding Commissioner, prior to the meeting, a comment card disclosing the following information: The person's name, address, and telephone number; the specific issue, topic or resolution the individual wishes to address.

(b) During public hearings when scheduled, but only when the law requires a separate period of public comment, speakers may present facts and opinions on the specific matter being heard by the Commission. A three-minute time limit is imposed per speaker. In the discretion of the Mayor or presiding officer, the time limit for individual speakers may be lengthened or shortened when appropriate.

(c) During the public comment period on any specific agenda item, whether it be a public hearing, an ordinance introduction or adoption, a consent agenda item, or a resolution not on the consent agenda, each speaker may address the Commission once, regarding anything on the meeting agenda, for a total not to exceed four minutes regardless of how many agenda items the speaker is addressing, which time period may be lengthened or shortened by the Mayor or presiding officer when appropriate.

(d) During the General Public Comment portion of the meeting, speakers may address the City Commission on any matter within the control and jurisdiction of the City of Battle Creek. A speaker shall be permitted to address the City Commission once, for up to three minutes, during this portion of the meeting.

(e) Applicants or Appellants, as defined below, or an attorney retained to represent them, are not bound by the specific time limitations set out above but may have the amount of time deemed reasonably necessary by the Mayor or presiding official to present their case to the City Commission without violating the rules set out below in subsection 4(a) through (g), with which they are obligated to comply.

(i) Applicant is defined an individual or business entity seeking a City Commission final decision on a matter for which the individual has made application to the City based upon a specific provision in a City Ordinance or state statute for permission to take a specific action;

(ii) Appellant is an individual appealing a decision of a City official or an inferior body based upon a specific provision in City ordinances entitling the individual to appeal the decision to the City Commission.

(2) An individual wishing to address the City Commission shall wait to be recognized by the Mayor or presiding Commissioner before speaking. An individual who has not filled out a card requesting to address the City Commission shall raise their hand and wait to be recognized by the Mayor or presiding Commissioner before speaking and shall identify themselves by name and address and, if appropriate, group affiliation for the record.

(3) Speakers shall address all remarks to the Mayor, or the presiding Commissioner or official, and not to individual Commissioners or staff members. Speakers shall not address their remarks to members of the public in attendance at the meeting.

(4) A speaker will be ruled out-of-order by the Mayor or presiding Commissioner and the Commission will continue with its business, and the speaker may be required to leave the meeting after having been ruled out-of-order for a breach of the peace committed at the meeting as permitted by the OMA, when the speaker violates above sub-section 3 or the following:

(a) Becomes repetitive or speaks longer than the allotted time;

(b) Attempts to yield any unused portion of time to other speakers;

(c) Engages in a personal attack upon a city employee, administrator or Commissioner only if the personal attack is totally unrelated to the manner in which the employee, administrator or Commissioner carries out their public duties or office;

(d) Uses obscene or profane language;

(e) Engages in slanderous or defamatory speech;

(f) Uses derogatory racial, sexual or ethnic slurs or epithets relating to any individual or category of persons; or

(g) Engages in conduct that interrupts or disrupts the meeting.

(5) Individuals attending City Commission meetings or workshops, excluding City staff, shall not pass the commission chambers bar upon which the podium is affixed (and which divides the audience section from the well of the chambers) without having been invited to do so by the Mayor or official presiding over the meeting, or after requesting and explicitly being granted permission to do so. Any individual violating this subsection will be ruled out-of-order by the Mayor or presiding official and the individual may be required to leave the meeting for a breach of the peace committed at the meeting as permitted by the OMA.

City Commission Budget Workshop

May 7, 2026



Agenda

- I. FY 25-26 General Fund Estimates and Estimated Addition to Fund Balance
- II. FY 26-27 Proposed Budget Discussion and Assumptions - All Funds
- III. FY 26-27 General Fund Budget Recommendation
 - a. Property Tax Millage & History
 - b. General Fund Major Revenue Sources
 - c. General Fund Revenues, Expenditures, and Projected Fund Balance
- IV. Other Funds
- V. Future Budget Thoughts
- VI. Discussion & Next Steps

FY 25-26 GENERAL FUND Estimates and Estimated Addition to Fund Balance

FY 25-26 GENERAL FUND Estimates and Estimated Use of Fund Balance

Estimates show General Fund addition to fund balance for the year ending 6/30/26 of \$2,449,114. The *adopted* budget showed a use of fund balance of \$847,656.

The FY26 year end budget amendment will include a projected transfer to the capital improvement fund in a yet to be determined amount to be used for future capital project needs.

Revenue estimates reflect a positive swing primarily due to:

- ❖ Income tax revenues in excess of budget (+\$2.15M)
- ❖ Interest Income (+230K)
- ❖ Recreation revenue over budget (+\$106K)

Income tax revenue is estimated to be over budget by \$2.15M, which is \$2.21M over FY 25 Actual.

A year-end budget adjustment for the fiscal year ending June 30, 2026 will come before the Commission for approval in June.

FY 25-26 GENERAL FUND Estimates and Estimated Addition to Fund Balance

See Page 3 of the Preliminary Budget document for 2026 Estimated General Fund Revenues (Total \$62,906,788).

See Pages 5-8 for the Expanded Details of the 2026 Estimated Revenues.

See Page 9 for the 2026 Estimated Expenditures (\$60,454,109).

See Pages 11-13 for the 2025 Estimated Expenditures by Department.

See Page 15 for projections of General Fund - Fund Balance as of 6/30/26. The Unassigned balance of \$13,698,824 is 21.06% of Estimated FY 27 revenue, in excess of the 17% fund balance policy.

FY 26-27 PROPOSED BUDGET DISCUSSION AND ASSUMPTIONS – ALL FUNDS

FY 26-27 Proposed Budget Discussion and Assumptions - All Funds

There is 3.2% growth in ad valorem taxable value (see the last graph in Tab 7). This translates into property tax revenue growth in the general fund, the streets capital projects funds, and component units.

The General Fund budget includes support from the Downtown Development Authority (DDA) as it continues to budget its share of debt service (\$176,303) on the Quiet Zone portion of the 2013 Capital Improvement Bonds, contribute \$1,170,842 for Central Business District street maintenance, and contribute \$195,102 for 75% of the costs for two of the police department's downtown officers.

The City has a number of Internal Service Funds which provide services to internal City departments (Fleet, Information Technology, Mailroom/Print Shop, GIS, 311 Call Center).

FY 26-27 Proposed Budget Discussion and Assumptions - All Funds

Cost of living of 3% and step increases for non-represented employees are included across all funds.

Raises included in settled collective bargaining agreements are included in the FY 27 wages.

Revenue numbers include changes as will be proposed in the Fee, Bond and Insurance schedule. The Commission will be asked to approve the Fee, Bond and Insurance schedule along with the budget.

FY 26-27 Proposed Budget Discussion and Assumptions - All Funds

The FY 27 Budget includes the following one time revenues:

- \$125k – ARPA interest income

The FY 27 Budget also includes some new positions:

- Fire Department – Administrative Assistant
- Police Department – Social Worker (this position has previously been grant funded)
- Verona Wellfield – Three (3) Water Plant Operators

**FY 26-27
GENERAL FUND
BUDGET RECOMMENDATION**

Property Tax Millage & History

Tab 1 shows the Millage Comparison. The proposed millage rate for police and fire retirement is proposed to decrease by 0.296 mills. The change is in part caused by a reduction in the City's required contribution rate due to increased wages from filled vacancies. This comes after a decrease in FY 26 of 0.469 and FY 25 of 0.093 mills. FY 23 and FY 22 saw decreases of 0.262 and 0.169 while FY 24 saw an increase of 0.255, respectively. The proposed millage rate is 14.900 (down from 15.196 for FY26).

The millage comparison in this presentation shows the increase in the total millage rate over time by only 0.424 mills and the decrease in the general fund operating millage from 9.730 in FY 07 to 7.987 in FY 26 upward to 9.113 in FY 27. This trend puts pressure on other general fund revenue sources.

Property Tax Millage & History (Cont.)

For the State's FY 26, there was new legislation creating a Neighborhood Road Fund which will be funded mostly by income tax collections from the State's General Fund as well as a new excise tax on marihuana. This new legislation will create about \$2.938M in new funding to the City for the State's FY 26 (10/1-9/30) and \$3.673M for FY 27.

As part of the budget proposal, staff is proposing to shift what was previously collected for the streets millage (1.126 mills in FY26) to operating.

In FY 26, the City collected approximately \$1.478M from the streets millage. The amounts mentioned above would more that replace existing property tax revenue should the millage be shifted to operating.

MILLAGE COMPARISON

LEVY	Actual 2025-2026	Proposed 2026-2027	INCREASE/ (DECREASE)
OPERATING	7.987	9.113	1.126
CAPITAL PROJECTS/CAPITAL PROJECT DEBT	0.500	0.500	0.000
STREET/DRAINAGE IMPROVEMENTS	1.126	0.000	(1.126)
POLICE & FIRE RETIREMENT	5.583	5.287	(0.296)
TOTALS	15.196	14.900	(0.296)

Operating	\$ 12,521,766
Capital Projects/Capital Projects Debt	\$ 687,028
Streets	\$ -
P&F Pension	\$ 7,263,972
TOTAL	\$ 20,472,766

In 1960 the City was authorized to levy 11.60 mills.

11.3326	Headlee Amendment reduction of operating millage
<u>9.6130</u>	Proposed levy for FY26
1.7196	Available operating millage

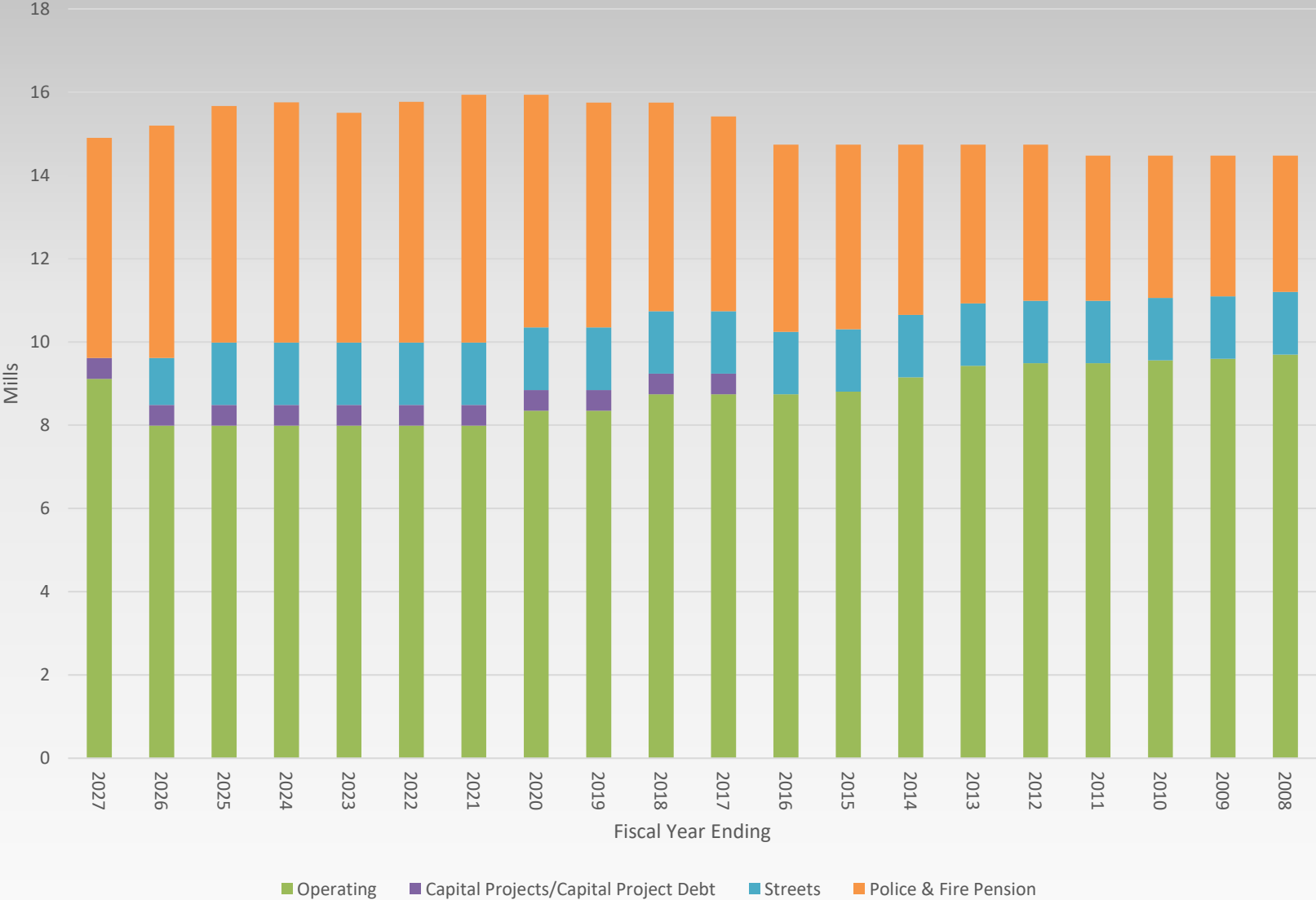
The annual tax impact to a household whose taxable value is:

\$30,000	(\$8.89)
\$50,000	(\$14.82)
\$100,000	(\$29.65)
\$150,000	(\$44.47)
\$200,000	(\$59.30)

Millage Rate History
(rate per \$1000 of taxable value)

Fiscal Year Ended June 30	Capital Levied July 1	Projects/Capital		Police & Fire		Total
		Operating	Project Debt	Streets	Pension	
2027	2026	9.113	0.500		5.287	14.900
2026	2025	7.987	0.500	1.126	5.583	15.196
2025	2024	7.987	0.500	1.500	5.678	15.665
2024	2023	7.987	0.500	1.500	5.771	15.758
2023	2022	7.987	0.500	1.500	5.516	15.503
2022	2021	7.987	0.500	1.500	5.778	15.765
2021	2020	7.987	0.500	1.500	5.947	15.934
2020	2019	8.346	0.500	1.500	5.588	15.934
2019	2018	8.346	0.500	1.500	5.403	15.749
2018	2017	8.740	0.500	1.500	5.009	15.749
2017	2016	8.740	0.500	1.500	4.679	15.419
2016	2015	8.740		1.500	4.496	14.736
2015	2014	8.807		1.500	4.429	14.736
2014	2013	9.148		1.500	4.088	14.736
2013	2012	9.427		1.500	3.809	14.736
2012	2011	9.488		1.500	3.748	14.736
2011	2010	9.488		1.500	3.488	14.476
2010	2009	9.558		1.500	3.418	14.476
2009	2008	9.594		1.500	3.382	14.476
2008	2007	9.699		1.500	3.277	14.476

Millage Rate History - Stacked Components



General Fund Major Revenue Sources

Income Tax: Proposed \$23.36M revenue. This is a 2% increase (\$458k) from the FY 26 estimate and is a \$2.66M increase from the FY 25 actual revenue. City staff continue to monitor this closely on a year to year basis.

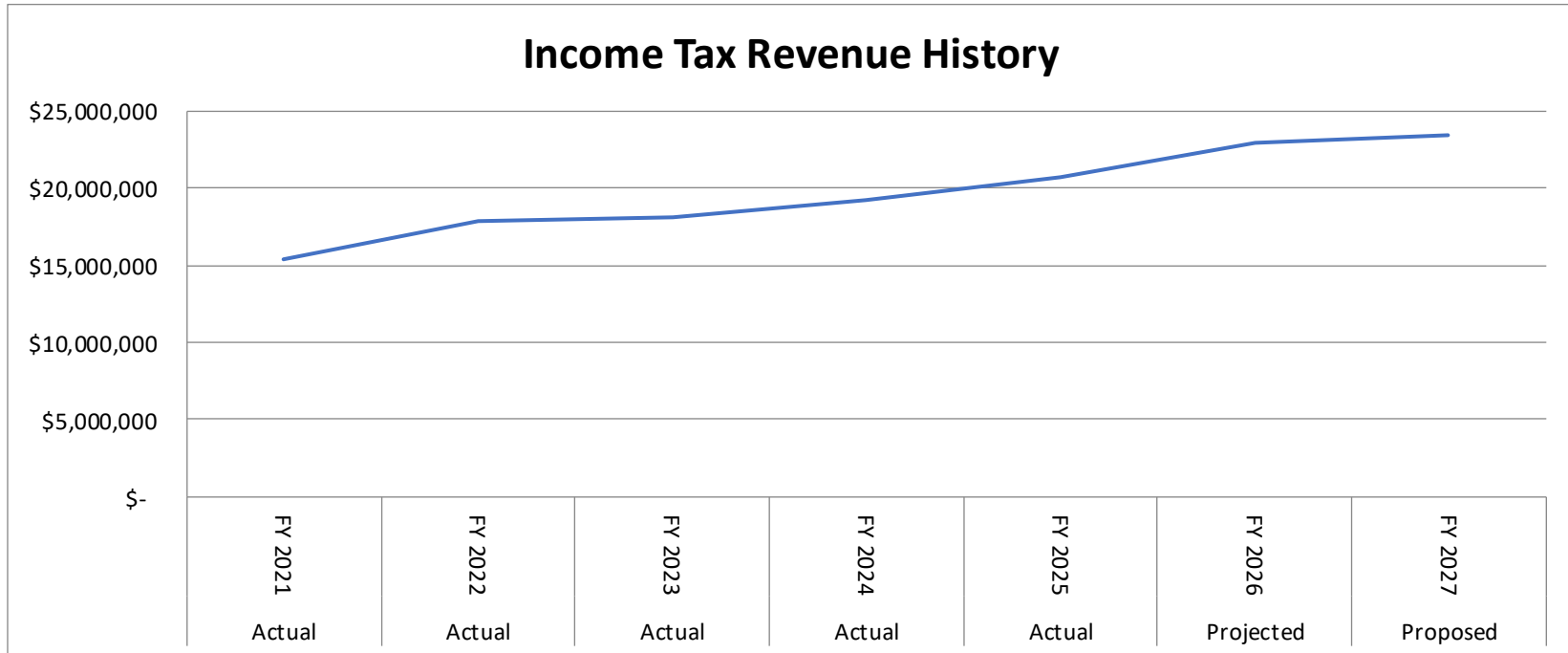
Property Tax: Proposed \$18,882,429 real property tax and \$2,362,895 personal property tax revenue. Estimated ad valorem taxable value shows an increase of 3.2% to \$1,657,238,577 from \$1,605,772,118 primarily as a result of the increase in residential real property taxable values.

Personal Property Tax Loss State Reimbursement: Proposed \$675K which is conservatively close to the FY 26 estimate.

State Revenue Sharing: Proposed \$7,699,203 revenue. Combined Statutory and Constitutional reflect a 2.9% increase from the FY 26 estimated revenue.

City of Battle Creek, Michigan
Financial Information/Budget Background

Income Tax:	Actual FY 2021	Actual FY 2022	Actual FY 2023	Actual FY 2024	Actual FY 2025	Projected FY 2026	Proposed FY 2027	5 Year Actual Average
Personal & Partnership	\$ 15,783,692	\$ 17,380,668	\$ 18,387,494	\$ 20,074,819	\$ 20,902,727	\$ 23,018,370	\$ 23,476,527	\$ 18,505,880
Corporate	\$ 1,710,228	\$ 2,527,298	\$ 1,709,748	\$ 1,687,962	\$ 2,123,467	\$ 2,285,693	\$ 2,285,693	\$ 1,951,741
Compliance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Refunds	\$ (2,126,906)	\$ (2,070,465)	\$ (2,032,783)	\$ (2,529,987)	\$ (2,327,139)	\$ (2,396,221)	\$ (2,396,221)	\$ (2,217,456)
Total	\$ 15,367,014	\$ 17,837,501	\$ 18,064,459	\$ 19,232,794	\$ 20,699,056	\$ 22,907,842	\$ 23,365,999	\$ 18,240,165
% Change over Prior Year		16.1%	1.3%	6.5%	7.6%	10.7%	2.0%	



General Fund Highlights

Proposed fund balance at 6/30/27 is 20.1%, in excess of the 17% fund balance policy.

The FY 27 Budget will be the last year that the General Fund receives earned income from the ARPA Fund (\$125k).

General Fund expenditures include debt service in the amount of \$1,739,859 in Activity 000 – Contributions (top of Page 9) as well as the first full year of debt service for the Series 2025 Capital Improvement Bond (fire facilities) amounting to \$1,687,500.

The General Fund is responsible for \$950,000 of the Airport operating subsidy with a proposal for the BCTIFA contributing an additional \$800,000 of capital support toward the replacement of Taxiway A.

**City of Battle Creek
General Fund
Fund Balance Projection
June 30, 2027**

Fund Balance:

Unassigned Fund Balance 6/30/25	\$ 12,474,267
Other Fund Balance 6/30/25	3,367,554
Estimated Revenue 7/1/25 - 6/30/26	62,906,788
Estimated Expenditures, 7/1/25 - 6/30/26	60,457,674
Revenues over (under) Expenditures	<u>2,449,114</u>
Projected Unassigned Fund Balance, 6/30/26	13,698,824
Projected Other Fund Balance, 6/30/26	4,592,111
Proposed Revenue, 7/1/26- 6/30/27	65,061,962
Proposed Expenditures, 7/1/26 - 6/30/27	65,704,280
Revenues over (under) Expenditures	<u>(642,318)</u>
Proposed Unassigned Fund Balance, 6/30/27	13,056,506
Proposed Other Fund Balance, 6/30/27	<u><u>\$ 4,592,111</u></u>

General Fund Revenue Summary

Account Description	2025 Actuals	2026 Revised Budget	2026 Projected Actuals	2027 Proposed Budget
Activity Total: 000 - Revenue	(56,245,466)	(53,393,155)	(55,826,691)	(57,986,477)
Activity Total: 172 - City Manager	(125,126)	(500,000)	-	-
Activity Total: 175 - City Hall Maintenance	(277,699)	(1,000)	(3,500)	(1,000)
Activity Total: 191 - Finance	(76,089)	(84,176)	(81,776)	(81,676)
Activity Total: 215 - Clerk	(40,585)	(3,195)	(5,840)	(3,395)
Activity Total: 253 - Treasurer	66	(200)	(2,700)	(200)
Activity Total: 257 - Assessor	(2,905)	(1,100)	(3,100)	(1,100)
Activity Total: 262 - Elections	(95,595)	-	(350)	(2,650)
Activity Total: 266 - Attorney	(17,940)	(30,000)	(45,000)	(60,000)
Activity Total: 302-430 - Police Dept.	(2,209,717)	(2,042,977)	(2,193,977)	(2,095,281)
Activity Total: 337-339 - Fire Dept.	(12,256)	(5,700)	(5,700)	2,508
Activity Total: 446 - Streets	(1,086,896)	(1,136,473)	(1,136,473)	(1,210,842)
Activity Total: 447 - Engineering	(105,900)	(105,000)	(105,000)	(105,000)
Activity Total: 371-701 - Community Svcs	(467,298)	(399,765)	(350,035)	(295,500)
Activity Total: 751 - Recreation	(2,473,108)	(2,573,287)	(2,679,646)	(2,754,349)
Activity Total: 800 - Cable Access	(437,112)	(467,000)	(467,000)	(467,000)
TOTAL REVENUE: 101 - General Fund	(63,673,624)	(60,743,028)	(62,906,788)	(65,061,962)

General Fund Expense Summary

Account Description	2025 Actuals	2026 Revised Budget	2026 Projected Actuals	2027 Proposed Budget
Activity Total: 000 - Contributions	4,092,701	834,353	834,353	278,441
Activity Total: 101 - City Commission	189,899	200,804	201,304	230,639
Activity Total: 172 - City Manager	1,475,945	1,695,157	1,614,385	1,983,941
Activity Total: 175 - City Hall Maintenance	1,129,563	929,520	971,556	1,200,293
Activity Total: 191 - Finance	1,635,930	1,479,151	1,428,287	1,438,334
Activity Total: 215 - Clerk	387,315	337,904	339,747	359,201
Activity Total: 221 - Income Tax	779,231	723,318	783,171	887,124
Activity Total: 233 - Purchasing	386,240	425,624	426,704	349,733
Activity Total: 253 - Treasurer	455,156	411,480	423,868	425,976
Activity Total: 257 - Assessor	689,274	706,469	709,569	741,054
Activity Total: 262 - Elections	357,480	376,955	216,707	688,754
Activity Total: 266 - Attorney	1,252,148	1,286,274	1,313,113	1,426,717
Activity Total: 267 - Labor Attorney	77,409	133,796	68,796	135,796
Activity Total: 269 - Civil Service	116,224	183,501	133,451	187,625
Activity Total: 270 - Human Resources	560,396	706,149	686,223	806,273
Activity Total: 305-430 - Police Department	25,829,687	25,591,628	24,487,168	27,118,336
Activity Total: 325 - Police Dispatch	324,030	327,553	327,553	327,553
Activity Total: 337-339 - Fire Department	14,543,437	16,163,658	16,023,410	17,239,091
Activity Total: 371-701-703 - Comm Svcs	1,308,902	1,679,793	1,668,743	1,658,454
Activity Total: 446 - Streets	3,614,663	3,672,318	3,641,660	3,887,062
Activity Total: 447 - Engineering	199,951	100,000	100,000	100,000
Activity Total: 594 - BCATS	33,123	33,123	33,123	33,123
Activity Total: 751 - Recreation	3,867,325	3,846,460	3,750,018	3,929,560
Activity Total: 800 - Cable Access	196,573	271,200	271,200	271,200
TOTAL EXPENSE: 101 - General Fund	63,502,602	62,116,188	60,454,109	65,704,280

Other Funds

**City of Battle Creek
Selected Funds
Fund Balance/Working Capital/Operating Activities Projections
June 30, 2027**

Fund	Balance 6/30/25	Estimated Revenue 2025/2026	Estimated Expenditures/ Expenses 2025/2026	Estimated Balance 6/30/26	Proposed Revenue 2026/2027	Proposed Expenses 2026/2027	Proposed Balance 6/30/27
Special Revenue Funds (Restricted Fund Balance):							
Motor Vehicle Highway							
Major Street Fund	\$ 4,227,327	9,560,236	10,126,892	3,660,671	14,003,244	14,184,798	\$ 3,479,117
Local Street Fund	\$ 1,702,465	4,622,512	4,988,850	1,336,127	4,573,241	5,886,727	\$ 22,641
Michigan Justice Training Fund	\$ 52,207	25,000	28,500	48,707	25,000	18,747	\$ 54,960
Narcotics Forfeiture Fund	\$ 548,911	135,842	85,558	599,195	135,000	120,281	\$ 613,914
Inspections Fund	\$ 1,201,685	1,005,732	1,178,036	1,029,381	1,025,950	1,359,196	\$ 696,135
Enterprise Funds (Working Capital):							
Executive Airport and FAA Fund	\$ 527,218	3,656,134	3,399,105	784,247	3,584,704	3,548,244	\$ 820,707
Auto Parking System Fund	\$ 89,627	1,698,401	1,712,980	75,048	1,407,292	1,379,955	\$ 102,385
Battle Creek Transit Fund	\$ 1,169,461	4,540,981	4,578,727	1,131,715	5,593,900	5,816,294	\$ 909,321
Water and Sewer Fund	\$ 34,526,488	41,397,483	33,751,550	42,172,421	38,763,377	34,788,643	\$ 46,147,155
Solid Waste Collection Fund	\$ 333,164	4,723,935	4,617,269	439,830	4,800,000	4,943,107	\$ 296,723
Intermodal Fund	\$ 11,414	227,000	112,888	125,526	227,000	113,639	\$ 238,887
Economic Development Fund	\$ 548,424	899,000	957,697	489,727	914,587	877,654	\$ 526,660
Internal Service Funds (Unrestricted Net Position):							
Equipment Center Fund	\$ 1,653,235	14,485,411	7,909,194	8,229,452	15,532,785	7,034,737	\$ 16,727,500
Self Insurance Fund	\$ 6,112,342	15,521,734	15,832,744	5,801,332	15,664,260	15,780,885	\$ 5,684,707
Information Technology Fund	\$ 2,282,846	3,605,221	3,304,045	2,584,022	3,830,905	4,175,020	\$ 2,239,907
Reproduction Fund	\$ 30,647	394,102	361,536	63,213	371,217	353,629	\$ 80,801

Future Budget Thoughts

Property tax

Impact of Police and Fire millage on City operating millage.

Income Tax

May Consensus Revenue Estimating Conference

Parking Fund

Discussion & Next Steps

- Public Hearing Set for May 19, 2026
- June 2, 2026 – Budget Resolution is considered by the City Commission for Adoption

Questions?
