

Annual Budget Presentation

May 4, 2026

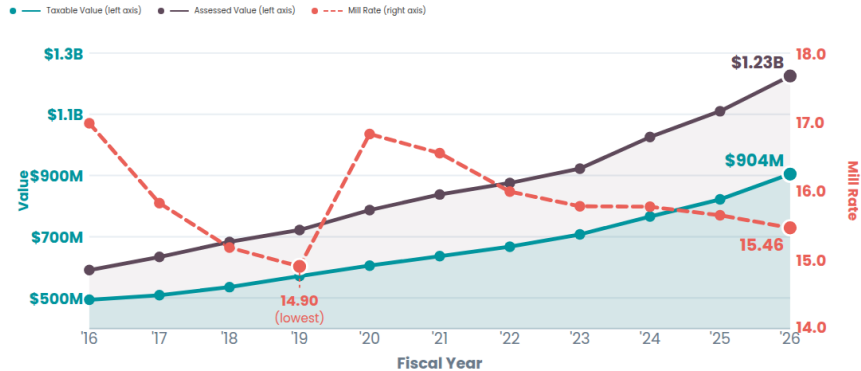
Presented by:
Carl Johnson, Finance Director
Crystal VanVleck, City Manager



Setting the Stage



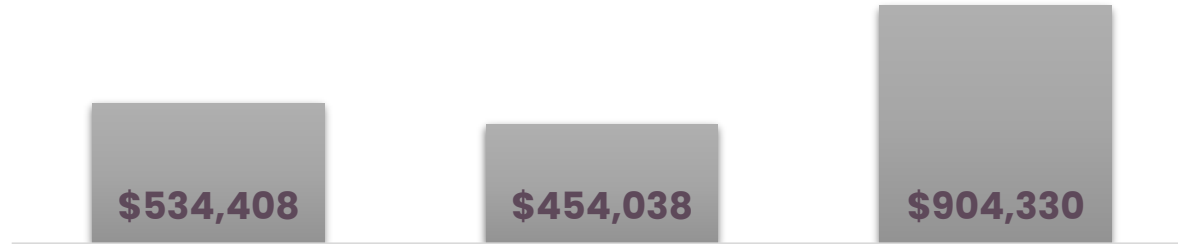
10 Year Trend – Taxable Value



Tax Year	Taxable Value	Assessed Value	TV as % of Assessed
2015	\$ 494,027,840.00	\$ 591,165,960.00	83.57%
2016	\$ 508,946,490.00	\$ 634,050,220.00	80.27%
2017	\$ 535,721,820.00	\$ 683,000,240.00	78.44%
2018	\$ 571,391,430.00	\$ 722,186,870.00	79.12%
2019	\$ 605,258,850.00	\$ 787,139,440.00	76.89%
2020	\$ 636,482,900.00	\$ 838,198,290.00	75.93%
2021	\$ 667,528,410.00	\$ 875,290,290.00	76.26%
2022	\$ 707,328,110.00	\$ 937,291,860.00	75.47%
2023	\$ 766,329,150.00	\$ 1,025,479,280.00	74.73%
2024	\$ 822,102,310.00	\$ 1,110,145,970.00	74.05%
2025	\$ 904,330,290.00	\$ 1,225,155,750.00	73.81%

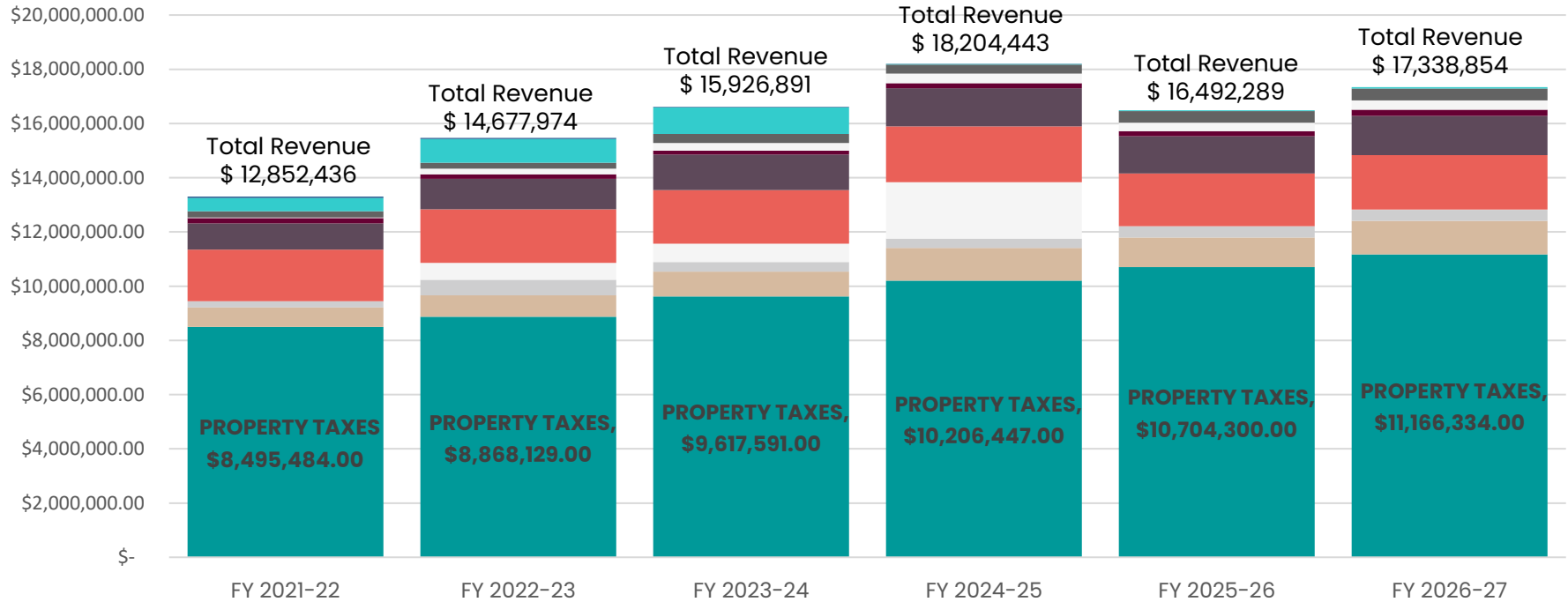
Millage Rollbacks

Revenue from 1 Mil



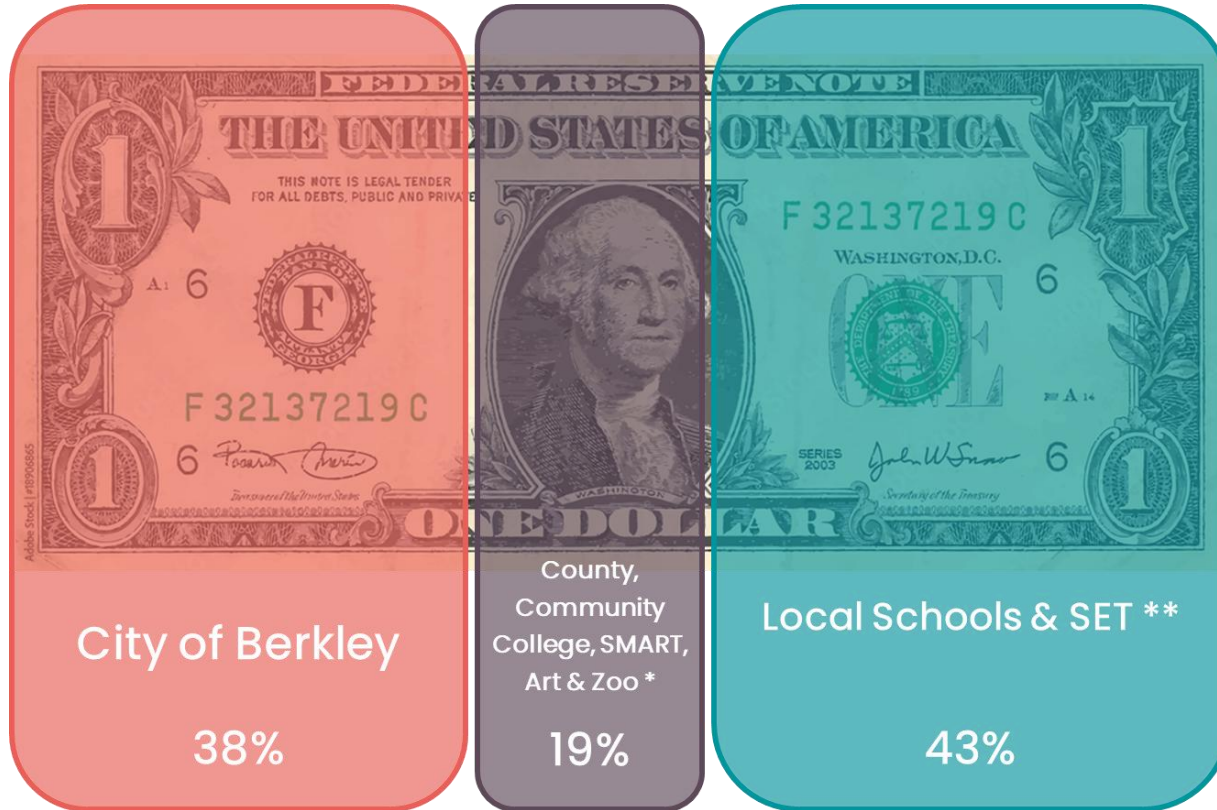
	2008	2012	2025	
Millages Subject to Headlee Reductions	Original Intended Amount	FY 26-27 Projected Millage Rates	Total Reduction	% Reduction
Operating	10.0000	7.6391	2.3609	23.6%
Public Safety	3.0000	1.5529	1.4471	48.2%
Sanitation	3.0000	1.5529	1.4471	48.2%
Infrastructure	2.0000	1.7827	0.2173	10.9%
Total	18.0000	12.5836	5.4164	30.1%

Revenue Trend



- PROPERTY TAXES
- LICENSES AND PERMITS
- MISCELLANEOUS
- FEDERAL GRANTS
- STATE GRANTS
- CHARGES FOR SERVICES
- FINES AND FORFEITS
- INVESTMENT EARNINGS
- PROPERTY/EQUIPMENT RENTAL
- OTHER FINANCING SOURCES
- CONTRIBUTION/DONATIONS

Where Are My Tax Dollars Going?



Fiscal Year 2026/2027

RECOMMENDED BUDGET



Guide – Strategic Framework

**Organizational
Effectiveness**

**Economic
Sustainability**

**Community
Assets**

**Open
Communications**

**Fiscal
Stewardship**

Organizational Effectiveness Highlights

- Health clinic incentive added for full-time employees
- Planning to fill the long-vacant Deputy Director of Public Safety position
- Continued investment in citywide professional development initiatives
- Public Works and Parks & Recreation will continue to operate in a shared public services model
- Large monitors will be added for clerks in Community Development to transition to fully electronic plan review
- Citywide Strategic Plan process

**Organizational
Effectiveness**



Economic Sustainability Highlights

- Increased funding for DDA façade and mural incentive programs
- Increased funding for economic development trainings and certifications for DDA and Community Development leadership
- Community Development Master Plan update and DDA Strategic Plan update are both included in this budget

**Economic
Sustainability**



Community Assets Highlights

- Increased maintenance budget for all buildings: repair costs become higher as buildings age
- Library entrance doors will be repaired and replaced
- Continued lead service line replacement, sewer lining, and curbside leaf and chipper projects
- Bacon Ave. Water Main and Road Replacement project will be encompassed in this budget (start date in 2026), as well as part of a Harvard Rd. Water Main and Road Replacement project (tentative start date in 2027)

**Community
Assets**



Open Communications Highlights

- Part-time Communications Assistant will transition to full-time support
- Addition of AI-powered chatbot (Rep'd) on website will help staff identify and improve upon communication gaps
- Continued investment in automation software to streamline City Council and Boards/Commissions meeting management, as well as website document storage and FOIA requests

**Open
Communications**



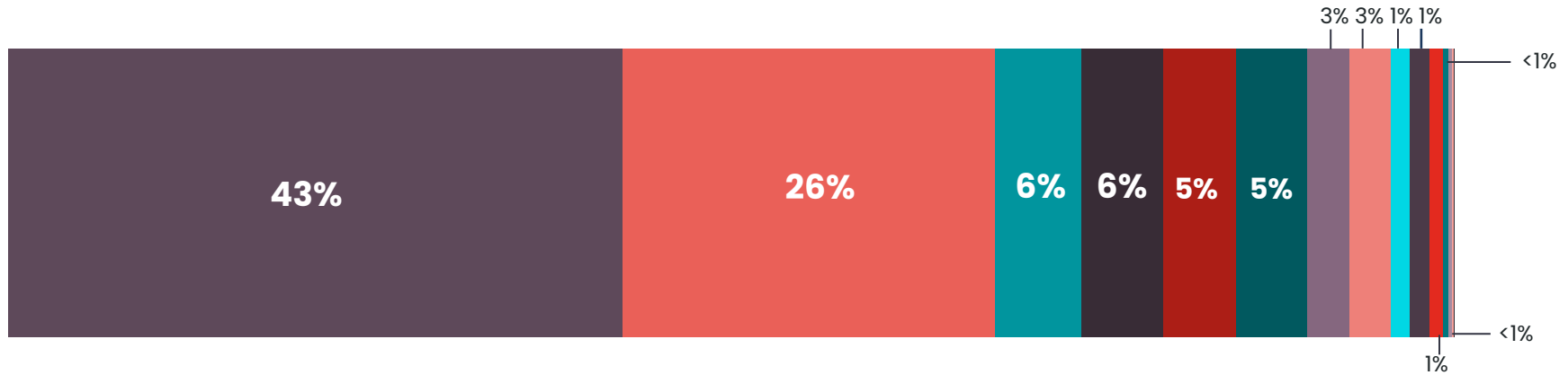
Fiscal Stewardship Highlights

- CIP equipment is replaced based on machine lifecycles to ensure operational efficiencies
- The BDPS K9 program will be reimplemented at no cost to the City, due to previously donated funds
- Community Development Block Grant (CDBG) funding will pay for yard services for residents in need and updated large print books – also requested \$90K in grant funding for updates to Community Park
- Money budgeted in the Public Improvements Fund to pay for updated fire engine. Payments will be made in FY 26/27 and FY 27/28, and we will receive a federal grant reimbursement of \$358,000 after the final payment

**Fiscal
Stewardship**

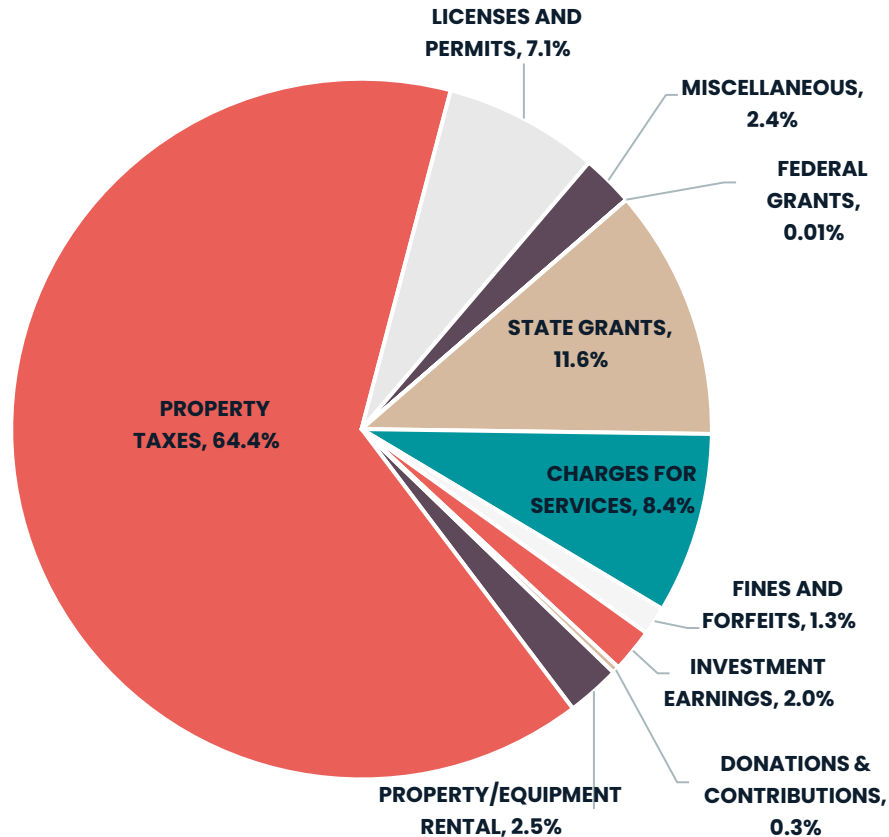


Total Expenditures by Fund



- General Fund: 43%
- Water & Sewer: 26%
- Infrastructure Fund: 6%
- Public Safety Pension: 6%
- Solid Waste: 5%
- Major Streets: 5%
- Recreation Revolving Fund: 3%
- Local Streets: 3%
- Public Improvement: 1%
- DDA: 1%
- Sidewalks: 1%
- Senior Services: 0%
- CDBG: 0%
- Comm 1 Fund: 0%
- Parking Fund: 0%
- Opioid Fund: 0%

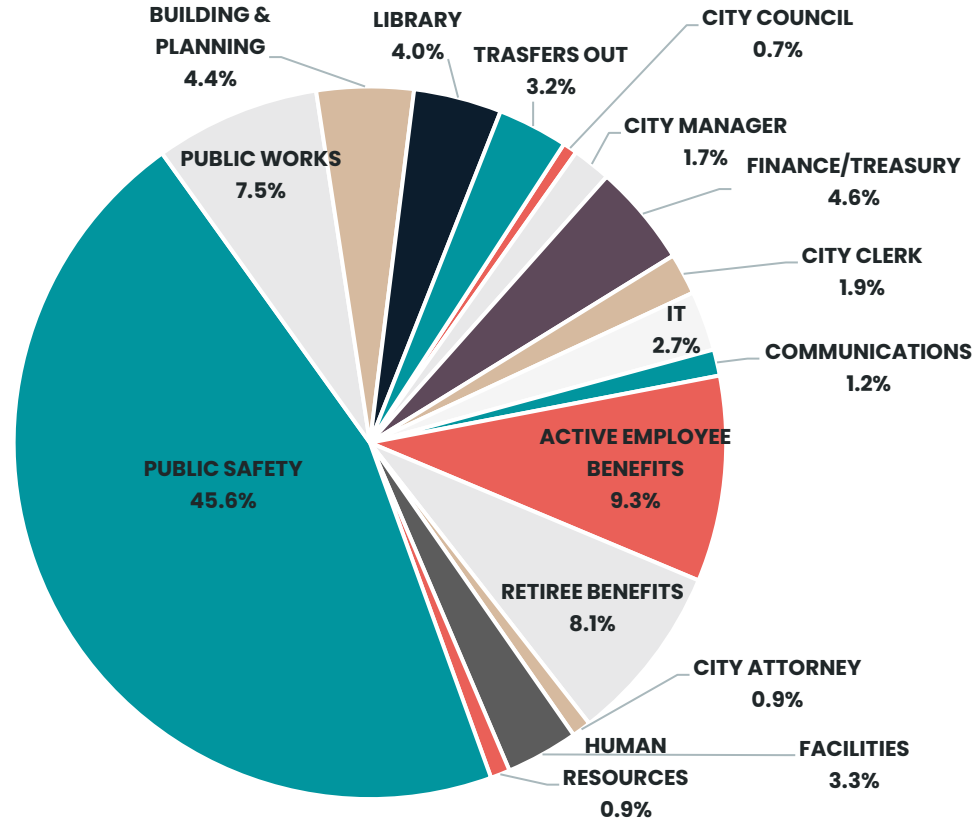
General Fund – Revenue by Source



Budget Content: Revenues

- Property tax overall increase of 3.7% (capped by Headlee), with the Act 345 pension levy revenue increasing by \$240,000
- State revenue sharing is decreasing by 3.2% due to no sales tax on gasoline
- License and permit revenue increased by \$152,000

General Fund – Expenditures by Department



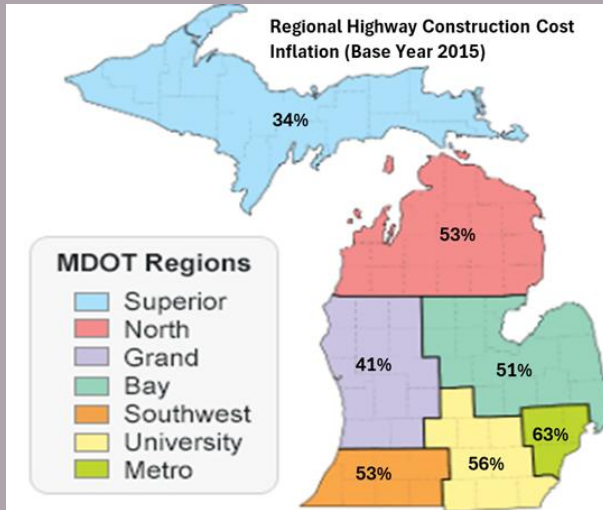
Budget Content: Expenditures

- Healthcare costs continue to rise – assuming a 6% increase
- Operating costs increased by 1-10% based on current trends and the high inflation rate
- Public safety retirement costs are up 15% due to an increase in the annual pension contribution
- Capital outlay increased slightly from the prior year to a total of \$549,000 (all available non-operating funds)
- A one-time strategic plan and community survey are planned, totaling \$70,000

Capital



Expenditure Context

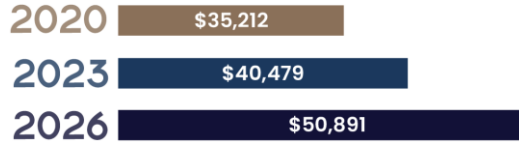


- The Michigan Highway Construction Cost Index estimates that construction costs in MI have increased by 49% since 2015, and 26.4% since 2020 (prior to 2020 MDOT traditionally assumed a 4% increase annually).
- The increase has been even more severe in the Metro Detroit area – which saw a 63% increase since 2015

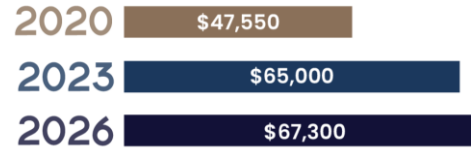
Expenditure Context: Equipment Cost Increases



VEHICLES



UNIFORMS



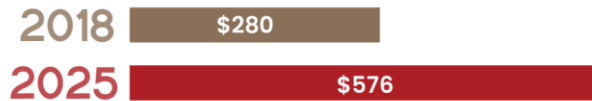
WEAPONS AND AMMO



PLANNED FIRE ENGINE REPLACEMENT



FIRE HELMET



FIREFIGHTER TURNOUT GEAR (COAT AND PANTS)



Capital Funds Overview

Revenue

- Increase in Act 51 revenue (MI gas tax revenue) by 15% or \$372,000 due to legislative tax law changes
- No change in solid waste rates for 2026/27
- Public Improvement Fund continues to accumulate assets for the purchase of a fire truck and other significant capital items

Expenditure

- Major & Local Streets Funds invest all available funds into street operations and repaving roads
- Infrastructure Fund subsidizes both roads and unfunded lead service line replacement mandate
- Bacon Avenue multi-year reconstruction project starting with an overall estimated cost of \$6.6 million
- Citywide 5-year sidewalk replacement program will restart in 2026/2027 with \$400,000 planned for annual replacements

Infrastructure Millage

Infrastructure Fund	Mills	Revenue
2020	1.9612	1,163,870
2021	1.9239	1,199,464
2022	1.8833	1,228,653
2023	1.8507	1,278,488
2024	1.8507	1,361,268
2025	1.8334	1,505,074
2026	1.7827	1,539,000

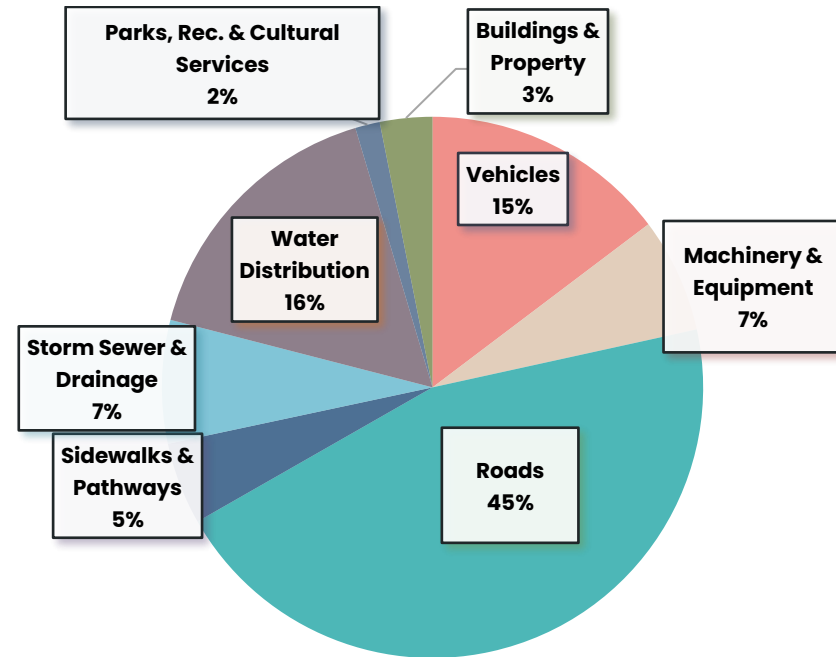
**Note: Voters approved 2.0000 mills in Nov. 2018 –
EXPIRING 2028*



CIP Overview FY 26/27 (TYPE)

FY 2026-27 CAPITAL IMPROVEMENTS BY TYPE

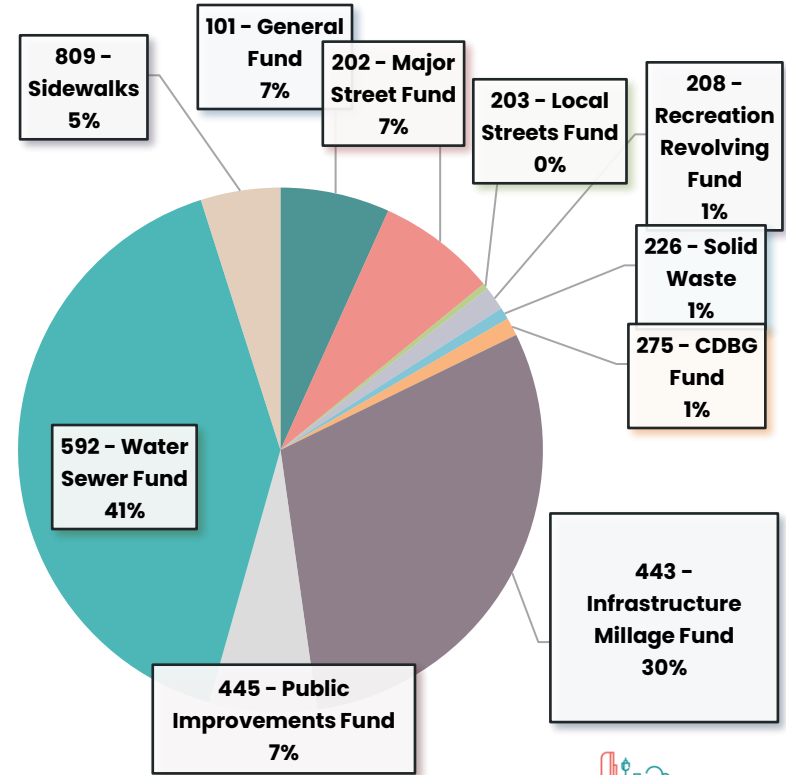
By Capital Outlay Type	Budget	Projected	
	FY 2026-27	FY 2027-28	FY 2028-29
Vehicles	\$ 1,198,000	\$ 1,118,000	\$ 695,363
Machinery & Equipment	\$ 559,000	\$ 312,000	\$ 497,000
Roads	\$ 3,681,900	\$ 2,900,000	\$ 2,910,000
Sidewalks & Pathways	\$ 400,000	\$ 400,000	\$ 400,000
Storm Sewer & Drainage	\$ 600,000	\$ 600,000	\$ 600,000
Water Distribution	\$ 1,335,000	\$ 1,335,000	\$ 1,535,000
Parks, Rec. & Cultural Services	\$ 120,000	\$ 137,250	\$ 15,000
Parking Lots	\$ -	\$ -	\$ -
Buildings & Property	\$ 255,000	\$ 265,000	\$ 180,000
Grand Total	\$ 8,148,900	\$ 7,067,250	\$ 6,832,363



CIP Overview FY 26/27 (FUND)

FY 2026-27 CAPITAL IMPROVEMENTS BY FUND

By Fund	Budget	Projected	
	FY 2026-27	FY 2027-28	FY 2028-29
101 - General Fund	\$ 549,000	\$ 830,000	\$ 827,363
202 - Major Street Fund	\$ 599,200	\$ 381,000	\$ 400,000
203 - Local Streets Fund	\$ 30,000	\$ -	\$ -
208 - Recreation Revolving Fund	\$ 120,000	\$ 137,250	\$ 10,000
226 - Solid Waste	\$ 60,000	\$ -	\$ 75,000
275 - CDBG Fund	\$ 90,000	\$ 50,000	\$ -
443 - Infrastructure Millage Fund	\$ 2,444,100	\$ 1,621,000	\$ 1,670,000
445 - Public Improvements Fund	\$ 540,000	\$ 630,000	\$ -
592 - Water Sewer Fund	\$ 3,316,600	\$ 3,018,000	\$ 3,450,000
809 - Sidewalks	\$ 400,000	\$ 400,000	\$ 400,000
Grand Total	\$ 8,148,900	\$ 7,067,250	\$ 6,832,363



Infrastructure Investments

- \$1 million annually for lead service lines
- ½ mile of road repair and water main replacement per year
 - Road projects done in conjunction with larger water main project
- Sewer Lining: \$600,000 annually – To structurally line several sections of combined sewer system: more cost-effective and less intrusive than physical excavation
 - Over 60% of system has been lined over 20+ years

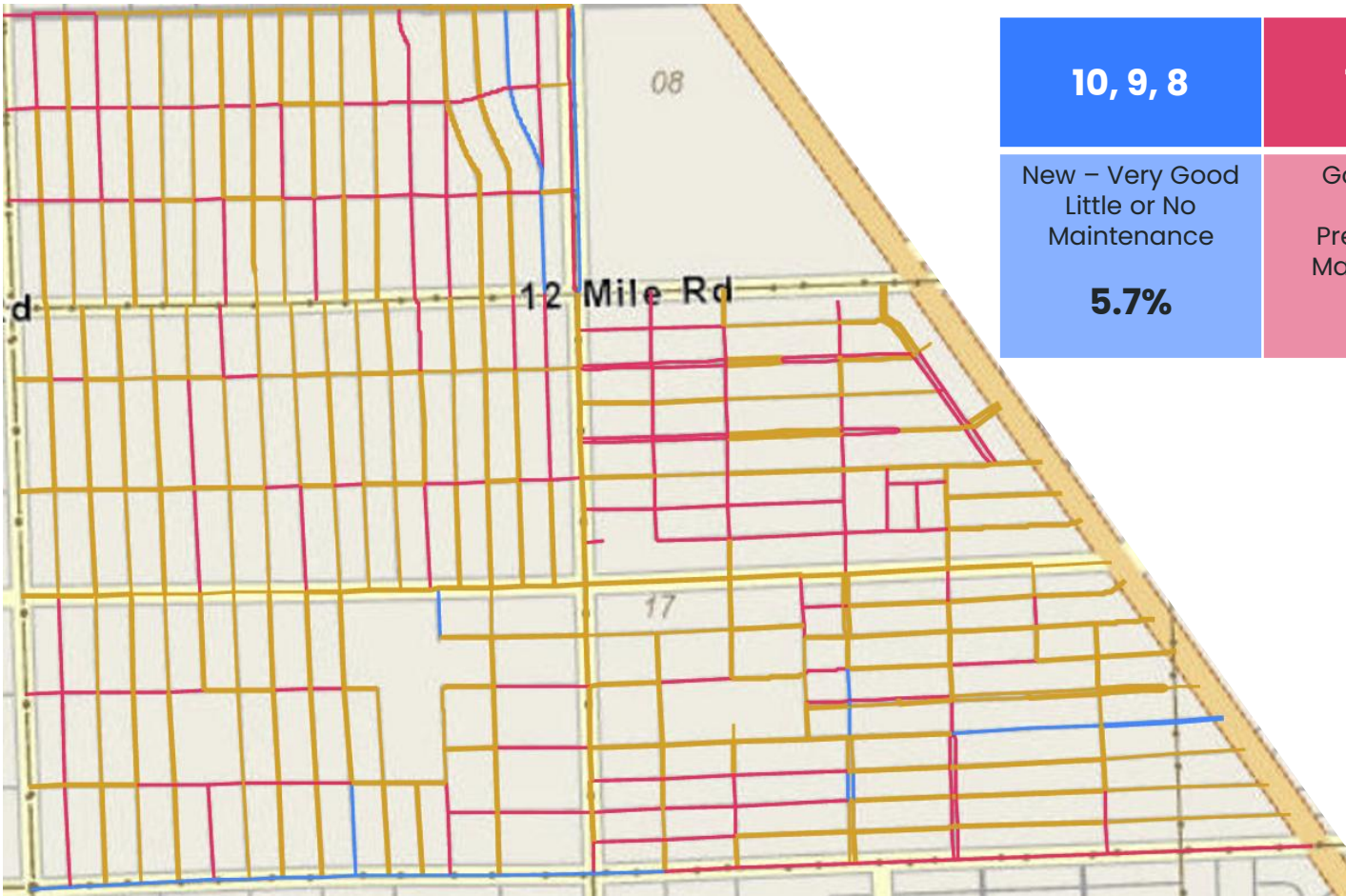
**Current rate of water main and road replacement: 100 years before every pipe and road segment has been replaced*

State of our Infrastructure – Lead Service Lines

- \$1 million per year = replacement of roughly 80-100 service lines
 - Includes discovery + replacement cost
 - Field verification will be ongoing for years
 - 4,900 services of unknown material left in the system
 - Michigan deadline is 2040, Federal deadline is 2034 (may ultimately be adopted)
 - Unfunded Mandate: Cost limits ability to address other critical needs due to finances and labor
 - Continue to pursue other avenues for funding, but support typically goes to overburdened communities

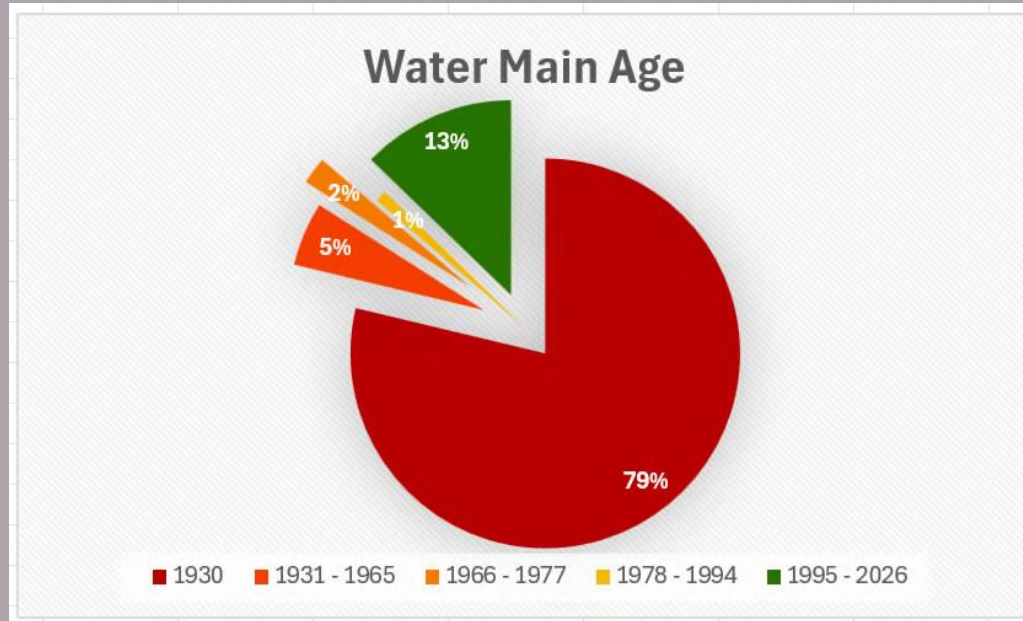
State of our Utilities – Roads

- **Funding:** major and local streets fund, and our infrastructure fund (funded by millage)
- ½ Mile of roadway (and water main) a year costs between \$3.2 and \$3.5 million
- **Project Priority:** chosen by a number of factors – PASER ratings, water main age/break history, # lead service lines, funding opportunities, third party utilities
- **Coolidge Hwy:** We are actively pursuing funding opportunities—visioning and planning set to begin next fiscal year



10, 9, 8	7, 6, 5	4, 3, 2, 1
New – Very Good Little or No Maintenance	Good – Fair Capital Preventative Maintenance	Poor – Failed Heavy Rehabilitation or Reconstruction
5.7%	34%	60.3%

State of our Infrastructure – Water Mains



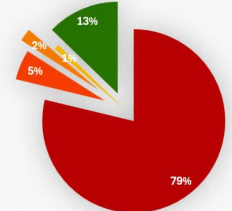
Aging Water Main Infrastructure - City of Berkeley



Water Mains - Year Built

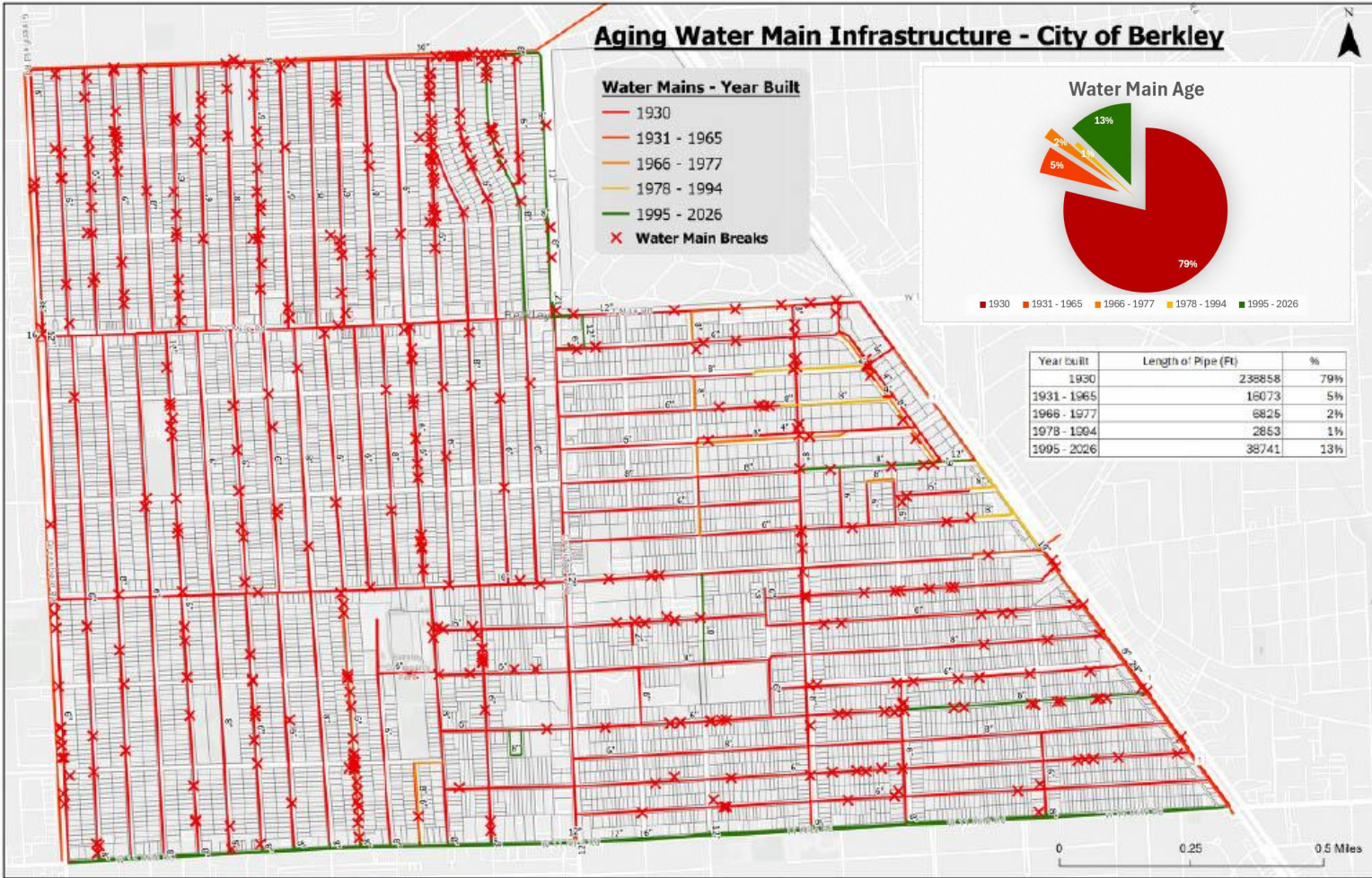
- 1930
- 1931 - 1965
- 1966 - 1977
- 1978 - 1994
- 1995 - 2026
- ✕ Water Main Breaks

Water Main Age



■ 1930
 ■ 1931 - 1965
 ■ 1966 - 1977
 ■ 1978 - 1994
 ■ 1995 - 2026

Year Built	Length of Pipe (Ft)	%
1930	238858	79%
1931 - 1965	18073	5%
1966 - 1977	6826	2%
1978 - 1994	2863	1%
1995 - 2026	38741	13%



Utility Rates – Per Unit Increase

.71%

Minimum Usage Increase

Per Unit rate increase - Minimum Bill w/ usage			
Detail	FY 2025	FY 2026 Proposed rate	FY 2026 Proposed Increase
Water Service (variable)	\$ 5.83	\$ 6.30	8.00%
Sewer Service (variable)	\$ 6.52	\$ 7.04	8.00%
Ready to Serve Water (fixed)	\$ 13.74	\$ 13.74	0.00%
Ready to Serve Sewer (fixed)	\$ 13.19	\$ 13.19	0.00%
Residential Storm Water Service Charge (fixed)	\$ 82.95	\$ 82.95	0.00%
Residential solid waste (refuse) charge (fixed)	\$ 17.21	\$ 17.21	0.00%
Total	139.44	\$ 140.43	0.71%
	2025 Minimum bill	2026 Minimum bill	TOTAL INCREASE

Variable rate portion: Increases with usage. Paid per unit of water

Fixed rate portion:

- Ready to serve: a fixed charge for the use and maintenance of the system
- Residential Storm Water: a fixed charge the cost of storm water runoff
- Residential solid waste: a fixed charge for refuse collection

Utility Rates – Average Bill (15 units)

4.7%

Average Usage Increase

Utility Bill Labels	Detail <i>(what do the labels mean?)</i>	FY 2025 Average Bill	FY 2026 Average Bill	Avg. Bill% Change
"Water"	Water Service (variable)	\$ 87.45	\$ 94.45	8.0%
	Sewer Service (variable)	\$ 97.80	\$ 105.62	8.0%
"RTS"	Ready to Serve Water (fixed)	\$ 13.74	\$ 13.74	0.0%
	Ready to Serve Sewer (fixed)	\$ 13.19	\$ 13.19	0.0%
"Refuse, res."	Residential solid waste (refuse) charge (fixed)	\$ 17.21	\$ 17.21	0.0%
"Storm Water"	Residential Storm Water Service Charge (fixed)	\$ 82.95	\$ 82.95	0.0%
Total		\$ 312.34	\$ 327.16	4.7%

Variable rate portion: Increases with usage. Paid per unit of water

Fixed rate portion:

- Ready to serve: a fixed charge for the use and maintenance of the system
- Residential Storm Water: a fixed charge the cost of storm water runoff
- Residential solid waste: a fixed charge for refuse collection

Utility Rates – Average Bill

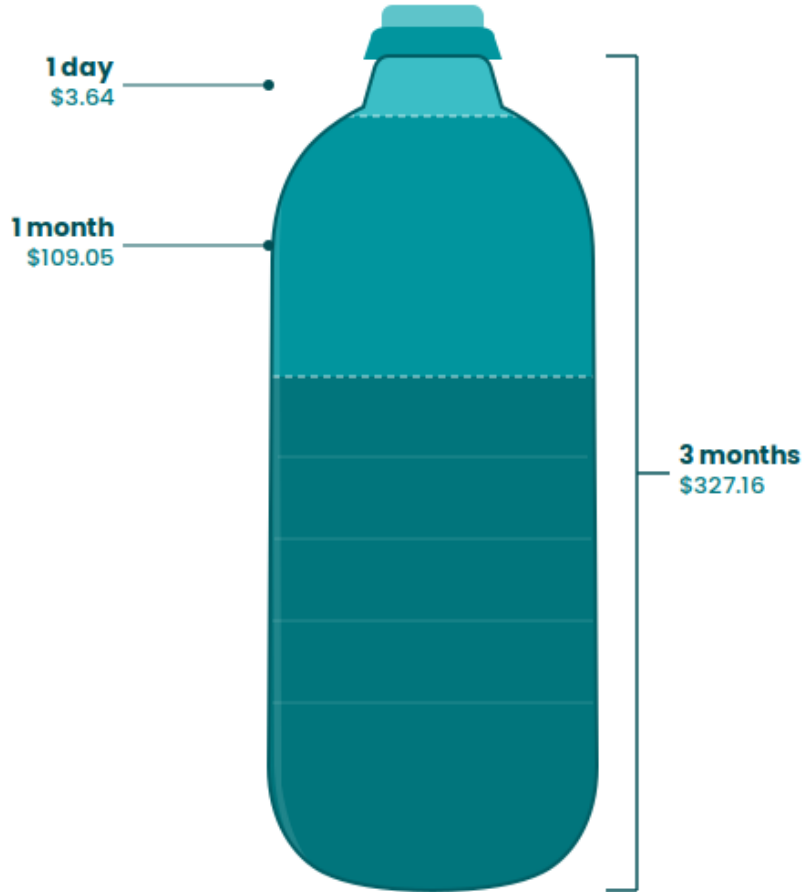
Billing Item	Previous Amount	Current Amount	Penalties & Interest	Balance
Penalty	\$0.00	\$0.00	\$0.00	\$0.00
Refuse, Res.	\$0.00	\$17.21	\$0.00	\$17.21
RTS	\$0.00	\$26.93	\$0.00	\$26.93
Storm Water	\$0.00	\$82.95	\$0.00	\$82.95
Water	\$0.00	\$185.25	\$0.00	\$185.25
	\$0.00	\$312.34	\$0.00	\$312.34

Variable rate portion ("Water"):
Increases with usage. Paid per unit of water

Fixed rate portion:

- RTS: a fixed charge for the use and maintenance of the system
- Storm Water: a fixed charge the cost of storm water runoff
- Refuse, Res.: a fixed charge for refuse collection

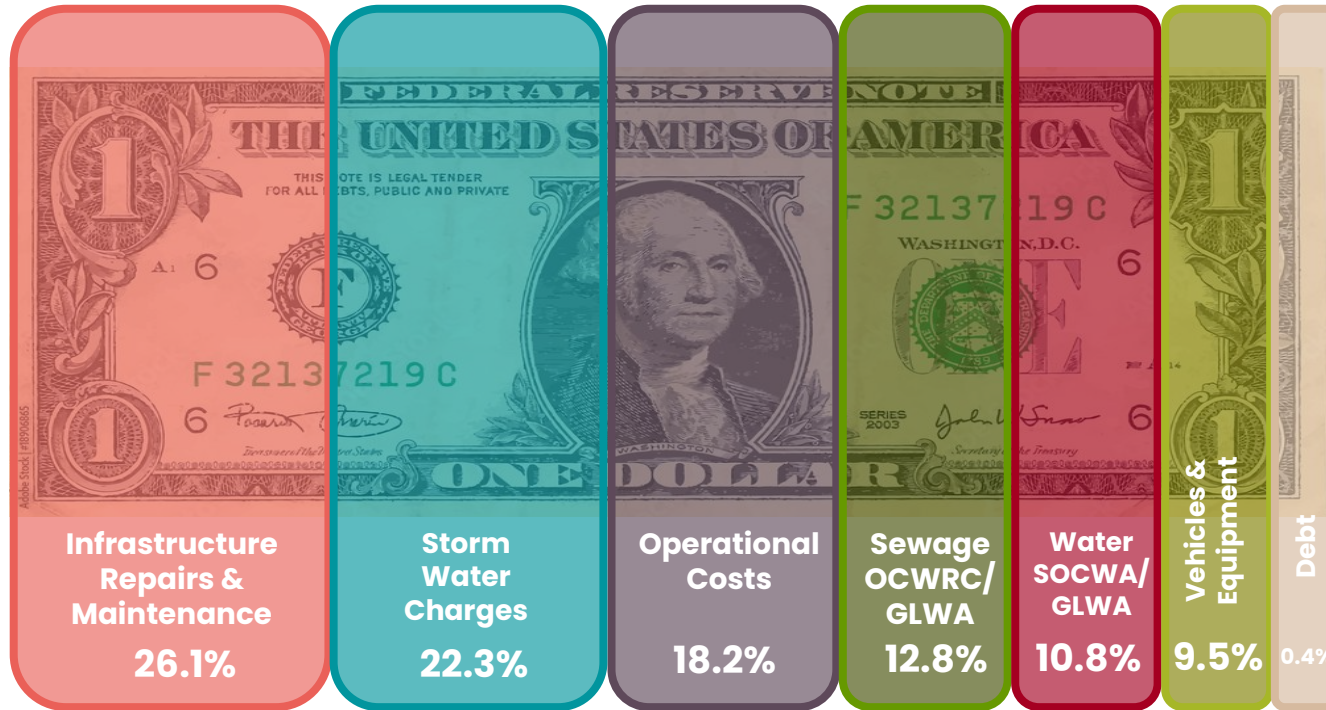
Utility Rates



Average Water Bill Cost

- A quarterly water bill costs the average Berkley resident **\$327.16**
- That cost covers three months of water service, including drinking water, washing dishes or clothes, bathing, watering your lawn, etc.
- This breaks down into an average monthly cost of **\$109.05** and daily cost of **\$3.64**

Cost of Water



CONCLUSION: REACHING OUR GOALS



THANK YOU

