



# City of Eau Claire, Wisconsin

Fiscal Stability Study

February 24, 2026

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# Background

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## Fiscal Challenges

- Address structural deficit while minimizing impact residents
- Increasing debt
- Increasing costs of core services

## Steps Taken To Date

- Referendum to hire 12 public safety staff
- Vehicle registration fee
- Destination Development Revenue from Visit Eau Claire
- Scrutinized fiscal partnerships

# Fiscal Challenges

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## Limited Revenues

- Levy Limits on Operating
- Issue Debt for Capital

## Growing City

- Decreasing staff
- Increasing service needs

## COVID Pandemic

- Reduced labor market
- Increased costs

# Financial Management Plan

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## Understand Background

- Financial position
- Governing limitations (GO Debt capacity, Levy Limits, Expenditure Restraint, TID Legislation, etc.)

## Define Operational & Capital Needs

- City Staff provide information to Ehlers
- Ehlers to present results and options to Council
- Council to provide direction

## Refine the plan

- Prioritize future activities & projects
- Provide a financial road map
- Refine policies to steer key indicators

# Initial Findings

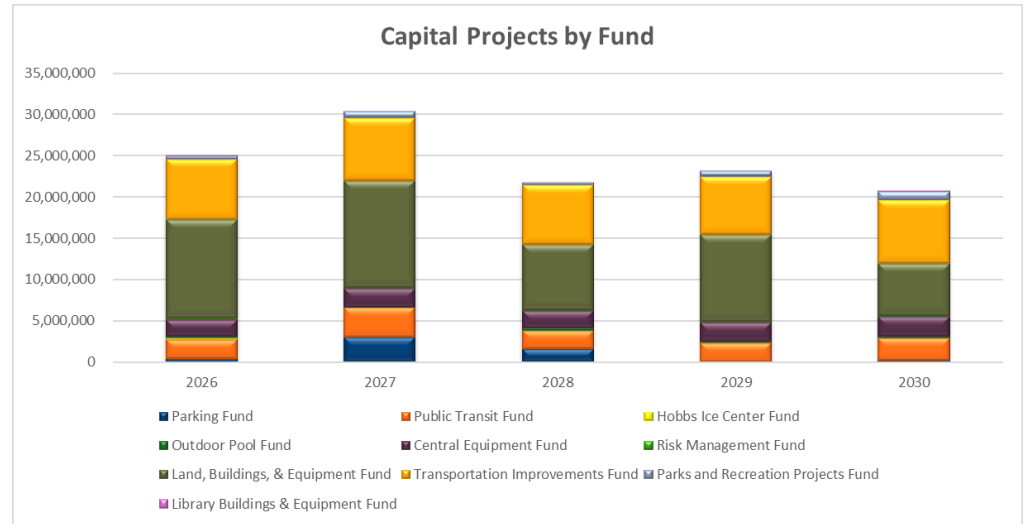
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- Robust CIP Plan
- Significant increases in Employee Benefit costs
  - ✓ 10% - 15% per year expected
- General Fund supports many funds
- Declining Fund Balances
  - ✓ General Fund
  - ✓ Public Library Fund
  - ✓ City-County Health

# Capital Project Needs

- **\$121M** in capital projects over next five years (2026–2030)
  - ✓ Excludes utility funds and funds not included in the FMP

Fund Summary	Totals
Parking Fund	5,215,000
Public Transit Fund	13,213,725
Hobbs Ice Center Fund	167,000
Outdoor Pool Fund	924,000
Central Equipment Fund	11,266,500
Risk Management Fund	525,000
Land, Buildings, & Equipment Fund	49,540,700
Transportation Improvements Fund	36,920,000
Parks and Recreation Projects Fund	3,180,420
Library Buildings & Equipment Fund	118,400
<b>Total</b>	<b>121,070,745</b>



# Projected Debt

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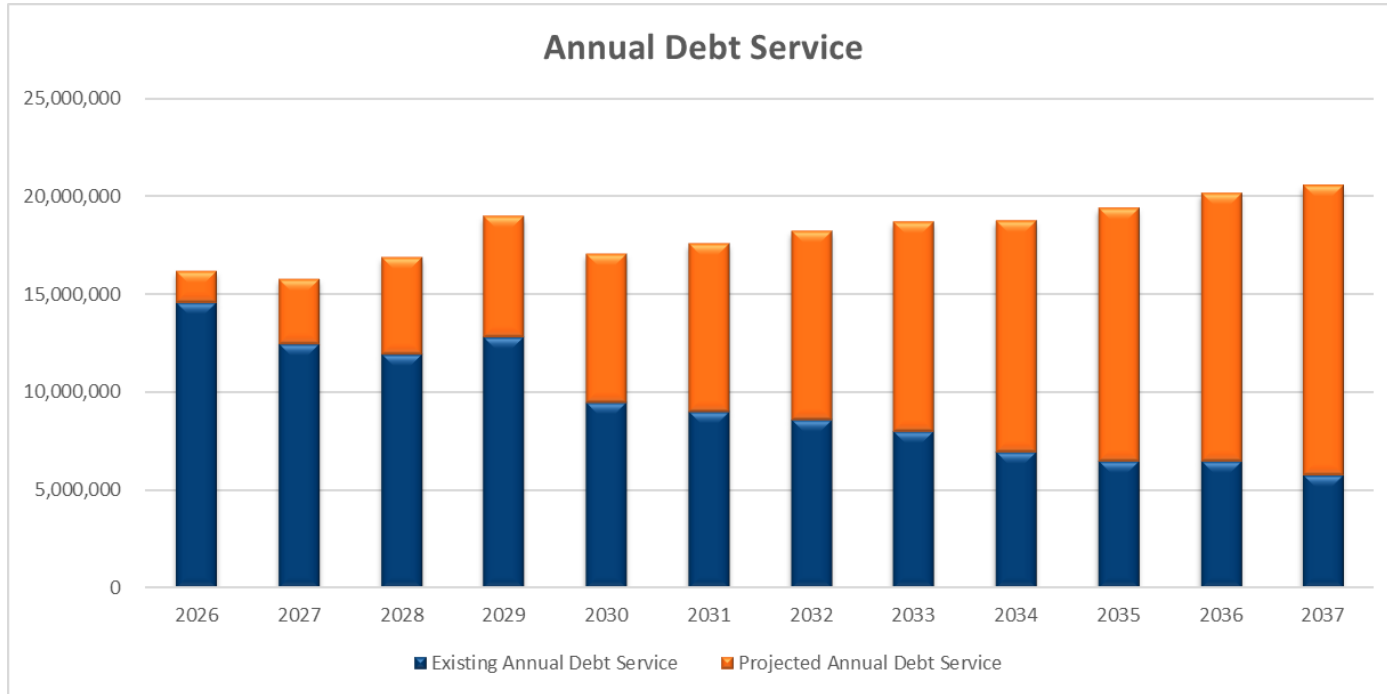
- **\$86.5M** in projected debt over next five years (2026–2030)

Year	Amount
2026	\$18,780,000
2027	22,655,000
2028	15,370,000
2029	16,820,000
2030	13,020,000
<b>TOTALS</b>	<b>\$86,645,000</b>

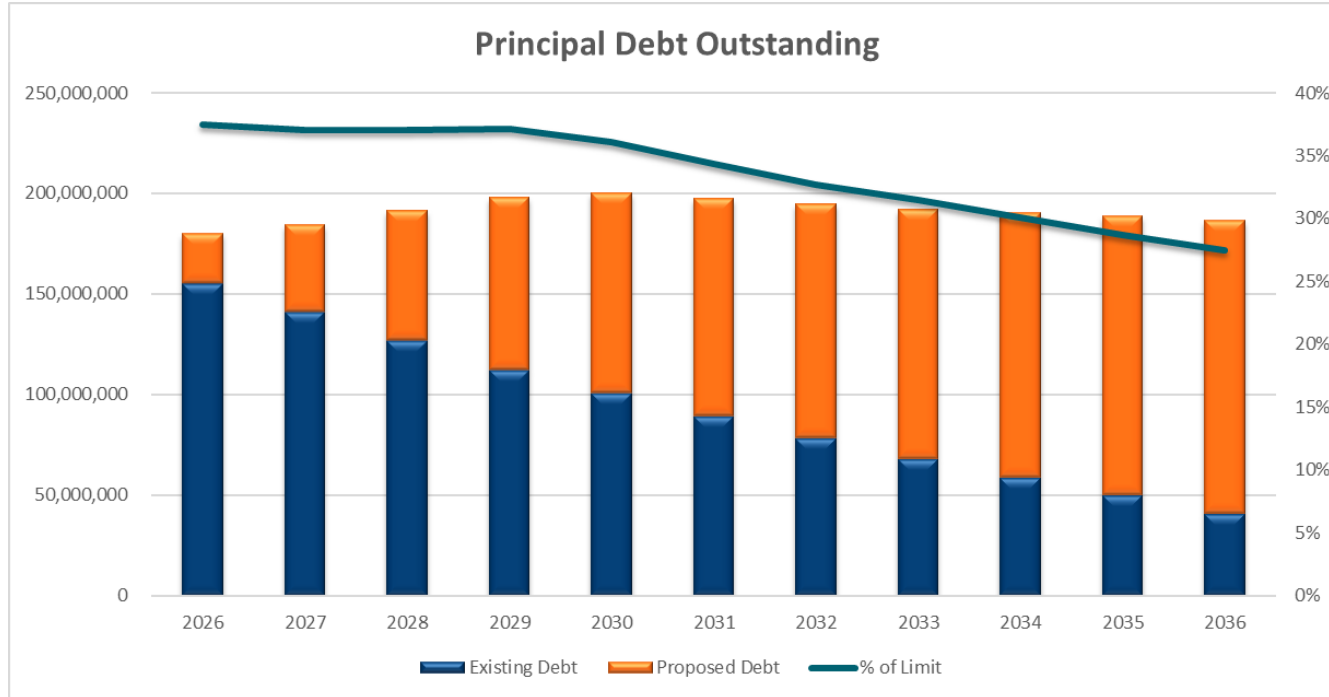
## Highlights

- Excludes:
  - ✓ Revenue debt
  - ✓ TID debt
  - ✓ \$14.0M for Parking Fund

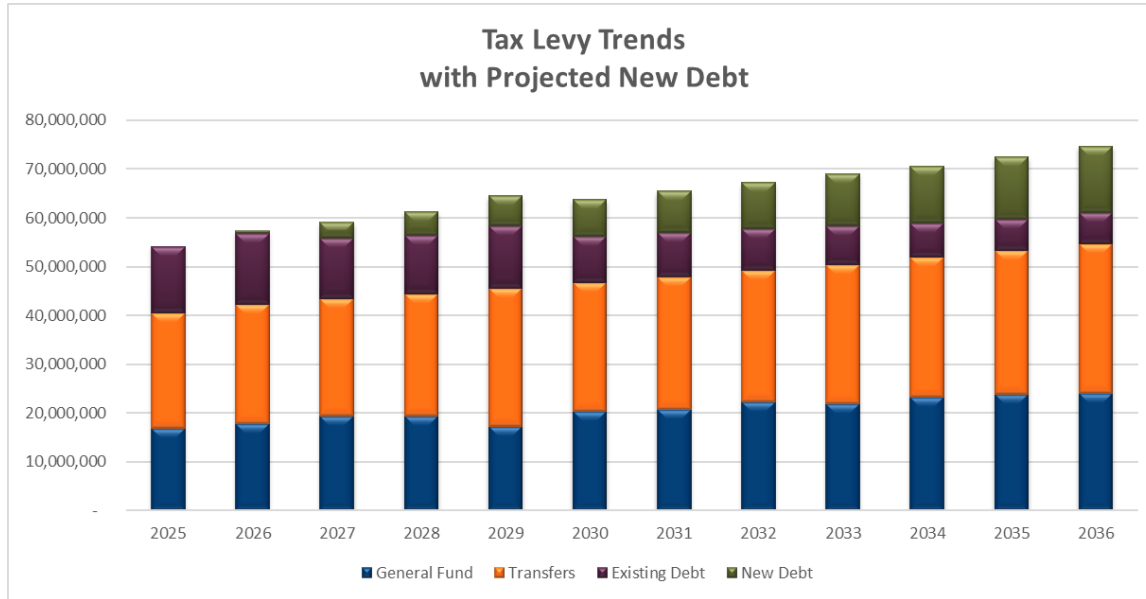
# Existing and New Annual Debt Service



# Existing and New G.O. Debt Outstanding



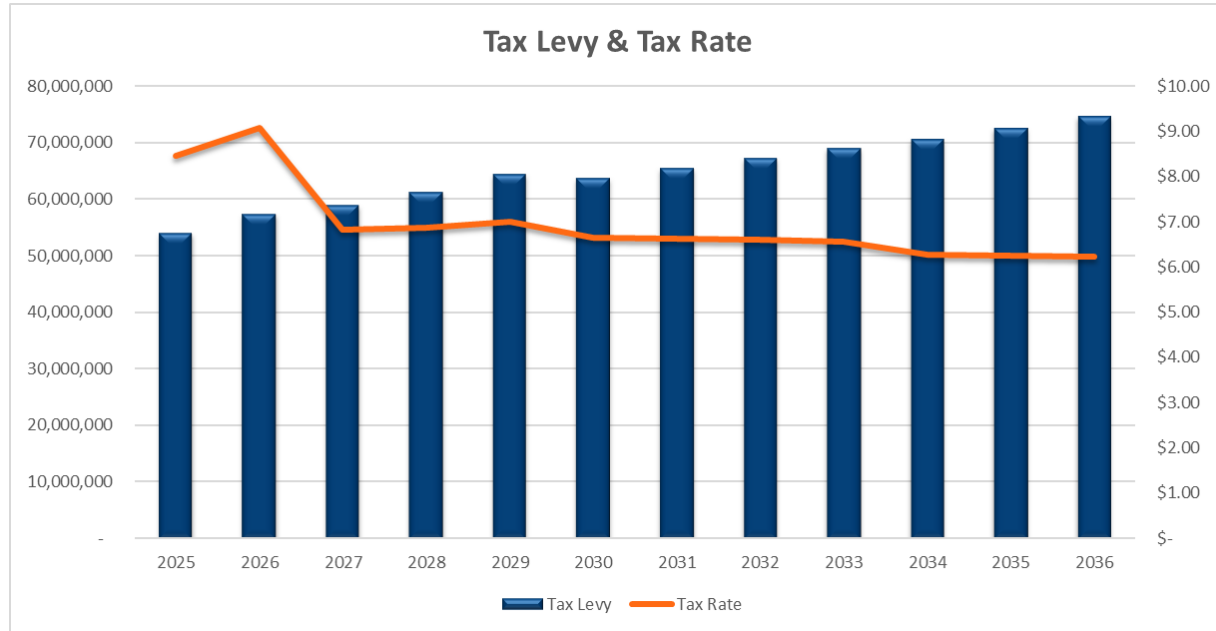
# Tax Levy Breakdown



## Levy Limit Assumptions

- NNC at 2.5% / year
- Personal Property Aid at \$360,000 / year
- Assumes maximum allowable levy each year

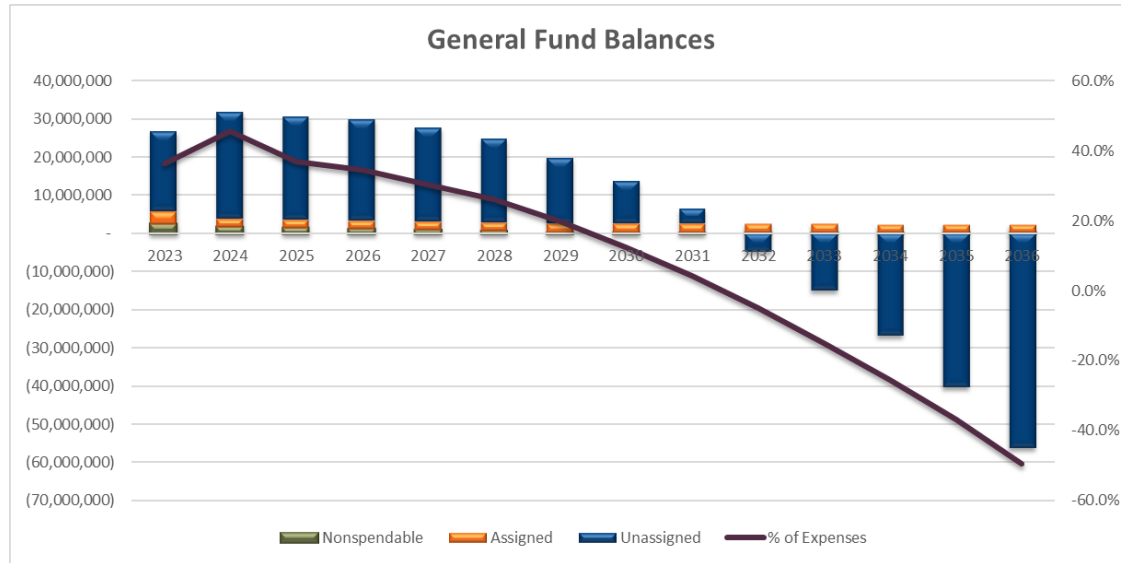
# Tax Levy Trends



## Highlights

- Tax rate on Assessed Value
  - ✓ Assumes reassessment for 2027
- Assumes TID 9 done in 2030
- Assumes TID 8 done in 2034

# General Fund



## Highlights

- Significant increases in employee health benefits
- Multiple funds rely on General Fund transfers
- Fund balance falls below 15% minimum by 2031
  - ✓ Negative by 2032
- Have time to address issues

# General Fund Annual Needs

Year	Projected Gap
2027	\$2,130,719
2028	\$2,834,060
2029	\$5,081,724
2030	\$6,084,224
2031	\$7,237,943
2032	\$8,693,585
2033	\$10,290,279
2034	\$11,523,923
2035	\$13,615,891
2036	\$15,963,883

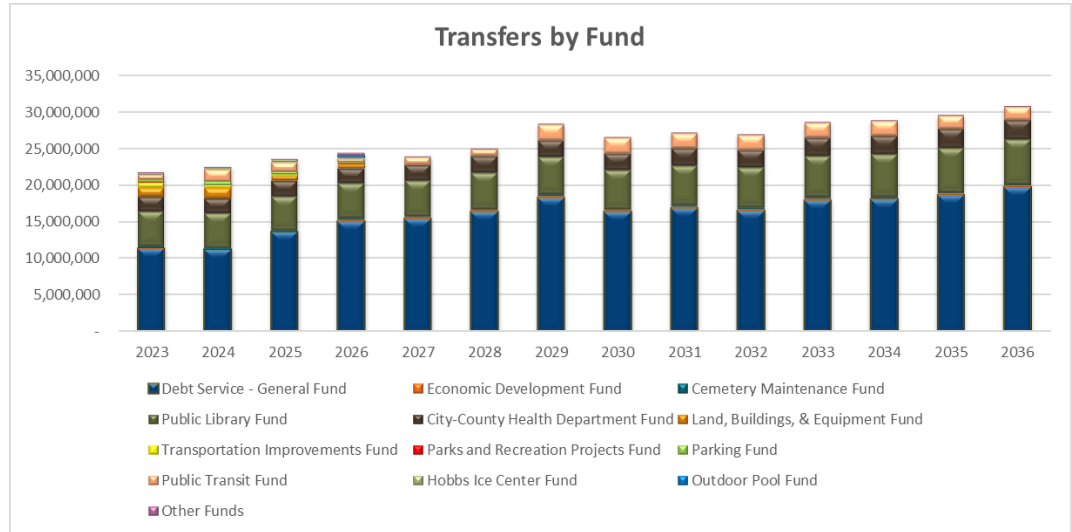
## Highlights

- Loss of Wheel Tax in 2029
- 10% Health Insurance benefit increases

# General Fund Support

## Highlights

- Debt service = levy
- Eliminate support for:
  - ✓ LBE
  - ✓ Transportation Improv.
  - ✓ Parks & Rec
  - ✓ Parking Fund
  - ✓ Hobbs
  - ✓ Fairfax
- Support continues for:
  - ✓ Econ Dev Fund
  - ✓ Cemetery Maintenance
  - ✓ Public Library
  - ✓ City-County Health
  - ✓ Public Transit



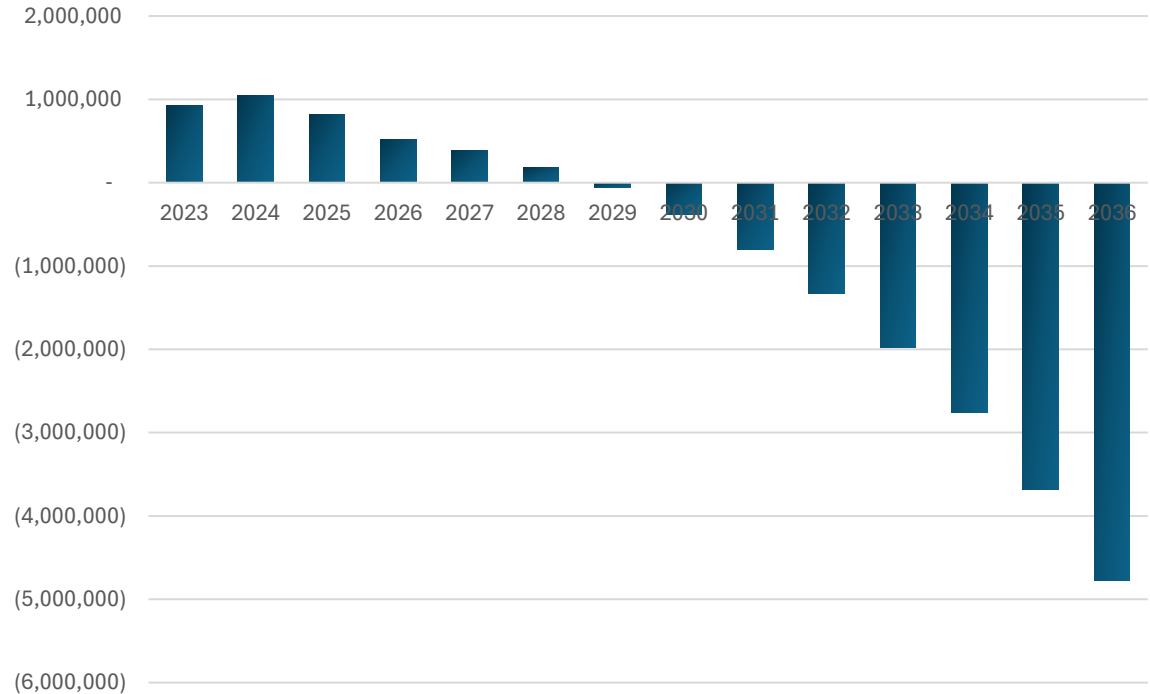
**Note:** Transfer to Public Transit expected to increase \$1.2M in 2029, when Wheel Tax sunsets

# Library Fund

## Highlights

- Fund balance expected to be negative by 2029

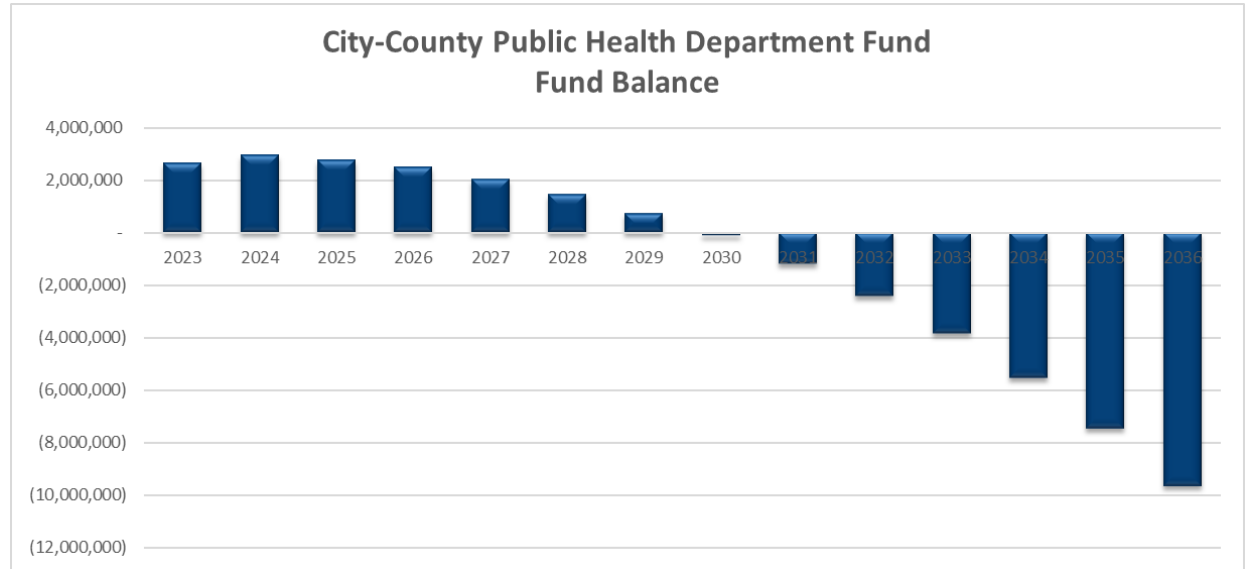
### Library Fund Balance



# City-County Health Department Fund

## Highlights

- General Fund support capped at NNC of 2.5%
- Fund balance expected to be negative by 2030



# Budget Options & Ideas



## New Revenues

- Convention Center Tax
- Innovation Funding
- Paid Parking elsewhere
  - Fairfax, Hobbs
  - All City Parks
- Local Option Sales Tax (at least 2 years out)
- Referendum for New Capital Projects
- 0.50% PRAT



## New Funds

- Street Light Utility
  - Shift from levy to fee
- Solid Waste Utility
  - Several ways to fund



## Cost Savings

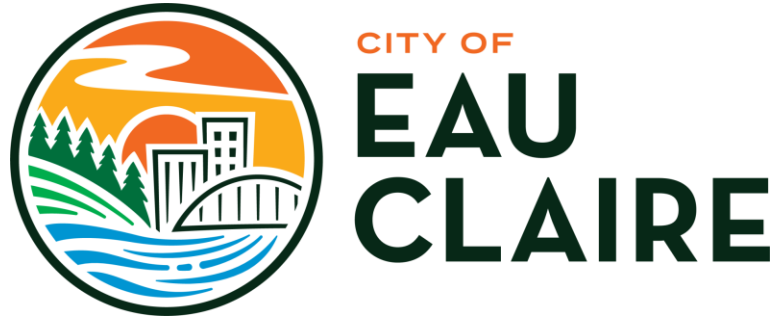
- Sell Hobbs
- Delay CIP Projects
  - Public Transit Fund

# Conclusion

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- The study responds to the strategic direction of the City Council as well as the needs of the Eau Claire community
  - ✓ Some of the issues may take a few years to address
- Need to balance financial needs with Strategic Priorities
  - ✓ Monitor the balances of various funds
  - ✓ Tax impacts depend on the timing of projects and bonding
  - ✓ Responsibility of Health Department





# **FY27 Budget Preparation**

Work Session  
Tuesday, February 24, 2026

## FY27 Budget Preparation: **Anticipated Gap**

- Anticipated gap of \$2.2 million
- Includes lost revenue from end of ARPA and SAFER funding.
- Long-term outlook is uncertain – limited solutions

### Projected Net Change in Fund Balance

2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
-2,130,719	-2,834,060	-5,081,724	-6,084,224	-7,237,943	-7,663,182	-10,290,279	-11,724,970	-13,615,891	-15,963,883

## FY27 Budget Preparation: **Accomplishments**

- Referendum to expand protected services staffing
- Local vehicle registration fee
- Evaluation of fee schedule
- Streamlining existing services (staffing, software)
- Advocacy for finance reform
- Renegotiation of contracts
- RFP for health insurance, broker relationship
- Innovation funding – in progress

- Investment that generates revenue prioritized.
- Protection of employee wellbeing, with no layoffs (but potentially transfers).
- Decisions aligned with Strategic Values and plan.
- Plan ahead as much as possible to work through issues.
- Openness to change – no “sacred cows”.

Community Value	High-Level Goals
Environmental Sustainability	<ul style="list-style-type: none"> <li>● Promote diverse ecosystem</li> <li>● Protect and promote thoughtful water use</li> <li>● Reduce carbon footprint</li> <li>● Reduce waste</li> </ul>
Community Connections, Voice, and Belonging	<ul style="list-style-type: none"> <li>● Cultivate meaningful partnerships between City and community</li> <li>● Deliver outstanding constituent services that are reliable and responsive</li> <li>● Strengthen connections within communities</li> </ul>
Quality of Place	<ul style="list-style-type: none"> <li>● Maintain outstanding parks and open spaces</li> <li>● Market city to visitors and potential new residents</li> <li>● Promote affordability</li> <li>● Promote high-quality and diverse modes of mobility</li> </ul>
Safety and Health	<ul style="list-style-type: none"> <li>● Identify and work to close gaps in opportunities.</li> <li>● Maintain community order and promote safety</li> <li>● Protect the safety and health of residents and property</li> <li>● Preserve safety net: shelter, food, health care</li> <li>● Promote clean and safe neighborhoods</li> </ul>
Stewardship	<ul style="list-style-type: none"> <li>● Advance employee well being</li> <li>● Promote fiscal stability</li> <li>● Promote smart growth and economic development</li> <li>● Pursue operational efficiencies</li> </ul>

# FY2027 Budget Preparation: Possible Reduction Scenario

Step	Savings	Depends On
Redeploy staff to potential trash utility	\$250,000	Creation and approval
Reclassification of capital expenses	\$225,000	
Do not fill open positions	\$100,000	Lower workload (BCCs)
Reduce Transit subsidy	\$250,000	Service changes
Reduce contributions to outside agencies	\$60,000	Work with partners
Increase Brush Site revenue – cover costs	\$50,000	Purchase scale, permanent location, Fee inc.
Eliminate Hobbs subsidy	\$300,000	Sale of Hobbs, paid parking interim
Eliminate Fairfax subsidy	\$200,000	Paid parking at Fairfax or transfer
Eliminate Soccer Park subsidy	\$165,000	Partnership or transfer
Paid parking at City parks	\$100,000	
Permit parking in neighborhoods	\$100,000	
Reduce non-mandated training/travel	\$50,000	
Reduce Library and Health	\$200,000	Potential for Innovation Funding
Reduce Police and Fire (non-referendum or MOE)	\$100,000	
<b>Total</b>	<b>\$2.15M</b>	

# FY2027 Budget Preparation: Possible Changes by Department

Broad Categories - GF Budgets	2026 Budget	Reduction	ARPA/SAFER Funds	Total Reduction	% Budget Change (including grants)
Fairfax Pool	618,364	(201,600)		(201,600)	-32.60%
Hobbs	1,110,805	(299,205)		(299,205)	-26.94%
Council	153,154	(23,000)		(23,000)	-15.02%
HR	836,392	(78,598)		(78,598)	-9.40%
Parks & Rec	4,197,585	(389,760)		(389,760)	-9.29%
Admin	2,308,777	(14,500)	(195,324)	(209,824)	-9.09%
IT	2,381,118	-	(146,500)	(146,500)	-6.15%
Transit	7,610,150	(250,000)		(250,000)	-3.29%
Fire	16,334,227	(2,000)	(495,880)	(497,880)	-3.05%
Community Services	13,830,547	(340,932)		(340,932)	-2.47%
Community Development	1,966,255	(43,119)		(43,119)	-2.19%
Finance	3,947,836	(61,700)		(61,700)	-1.56%
Streets	6,786,864	(59,797)		(59,797)	-0.88%
Non-Departmental	7,879,325	(58,200)		(58,200)	-0.74%
PD	23,849,608	(50,000)		(50,000)	-0.21%
General	-	(35,619)		(35,619)	
Economic Development	469,551	83,000	-	83,000	17.68%
Library (\$4.8M Levy)	6,555,571	(100,000)			
Health (\$2.1M Levy)	7,786,600	(100,000)			

**\*\*Health and Library have a different funding mechanism**

# FY27 Budget Preparation: Timeline

	2/26	3/26	4/26	5/26	6/26	7/26	8/26	9/26	10/26	11/26	12/26	1/27
Budget Preparation												
Council provides direction	█	█	█	█	█	█	█	█	█			
Staff refine financial analysis	█	█	█	█	█	█	█	█	█			
Innovation funding applications due		█										
Council reviews budget							█	█	█	█		
Staff Transitions												
Look at BCC structure as part of Comprehensive Plan		█	█	█	█	█						
Transition BCC structure							█	█	█	█	█	
Paperless payroll system goes live				█								
Transit												
Public engagement process	█	█	█									
RFP for any outsourced services			█	█								
New service model begins						█	█	█	█	█	█	

# FY27 Budget Preparation: Timeline

	2/26	3/26	4/26	5/26	6/26	7/26	8/26	9/26	10/26	11/26	12/26	1/27
<b>Parking</b>												
Parking administrator hired, and positions filled	■	■										
RFP for implementation consultant	■											
Implementation consultant begins			■	■	■	■						
Paid parking downtown begins					■	■	■	■				
Plan for parking at Carson, Fairfax, City Parks										■	■	■
Permit Parking Pilot										■	■	■
<b>Trash</b>												
RFP for Trash consultant	■	■										
Set up billing processes for trash utility		■	■	■	■	■	■	■	■	■		
Set up constituent services processes for trash utility				■	■	■	■	■	■	■		
RFP for hauler(s)				■	■	■						

# FY27 Budget Preparation: Timeline

	2/26	3/26	4/26	5/26	6/26	7/26	8/26	9/26	10/26	11/26	12/26	1/27
Facility Changes												
Negotiate sale of Hobbs	█	█	█	█	█	█						
Negotiate Transfer of Soccer Park	█	█	█	█	█	█						
Identify permanent location for brush site	█	█	█	█								
Move brush site and install scale					█	█	█					
Develop new fees								█	█	█		

- Health Department (up to 25% of total budget)
- Fire (up to 25% of combined budget, plus levy benefits)
- Countywide EMS (up to 25% of combined budget, plus levy benefits)
- Library (up to 25% of combined budget)
- Transit
- Recreation (to include Hobbs & Fairfax)
- Soccer Parks

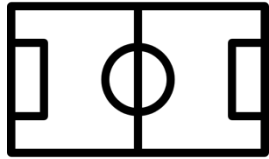


Department of Revenue  
**Innovation Grant**

- **\$300 Million Available**
  - Up to \$10 million per year per applicant
  - Unrestricted funding
  - Applications due by March 31, 2026
- A county, municipality, or tribe can pursue an Innovation Grant to support the transfer of an allowable service/duty. A joint merged service is allowable.
- Up to five annual payments with a 5-year contract.
- Awards based on 25% of the total costs of providing the service/duty for the transferor(s) in the calendar year immediately preceding the transfer.
- DOR must give priority to innovation plans for public safety, fire protection, and emergency services while maintaining the appropriate level of service.



## Innovation Grant Opportunities



## Recreation

\$214,411 Soccer Field expenses in 2024

\$53,602 Annual Grant Award

**\$268,013 Five-Year Grant Funding**

\$833,407 in Rec. Program expenses in 2024

\$208,351 Annual Grant Award

**\$1,041,755 Five-Year Grant Funding**



## Public Health

\$8,468,852 expenses in 2025

\$2,117,213 Annual Innovation Grant

**\$10,586,065 Five-Year Grant Funding**



## Fire Department

\$9,292,960 expenses in 2025

\$2,323,240 Annual Grant Award

**\$11,616,200 Five-Year Grant Funding**



## Joint Library System

\$6,249,284 expenses in 2025

\$1,562,321 Annual Grant Award

**\$7,811,605 Five-Year Grant Funding**



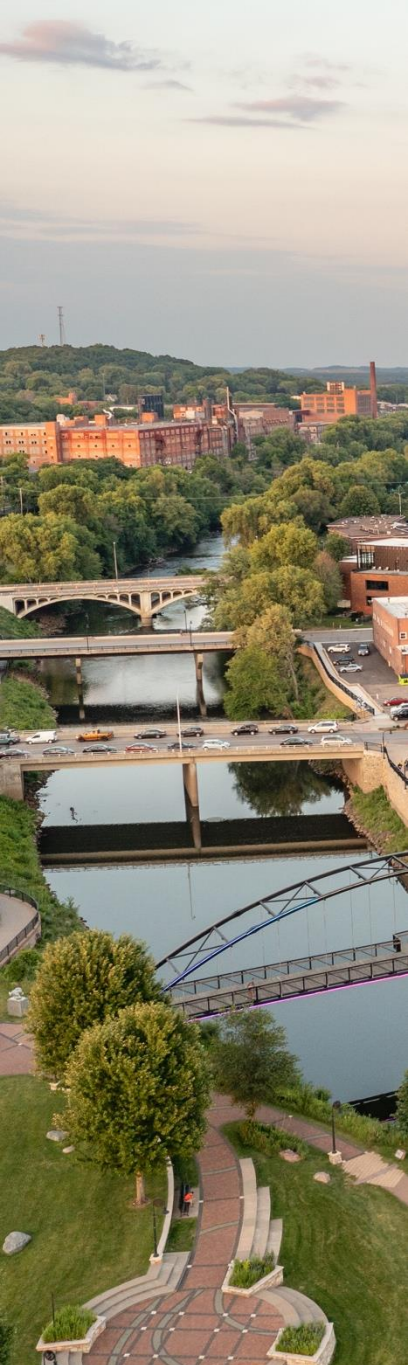
## EMS

\$4,507,949 expenses in 2025

\$1,126,987 Annual Grant Award

**\$5,634,936 Five-Year Grant Funding**

\*\* IPA continues to work with the DOR on the possibility of Transit as an eligible program transfer



# Project Timeline

- **Mid January:** Initial project conversations and Teams meetings.
- **Early February:** Project agreement, kick off conversations.
- **Mid-February:** Department head calls, Teams meetings, data analysis and research, communication with Department of Revenue.
- **Late February:** Presentation, team meeting, further stakeholder outreach, determination of final applications.
- **Early March:** Craft terms of agreements.
- **Mid-March:** Action on contracts.
- **Late March:** Application development.
- **No Later than March 31:** Application submittal(s).



## Next Steps

- Determine which service areas to move forward for March 31 application.
- Continue stakeholder engagement, meetings, and presentations as needed.
- Craft program transfer/merger details and 5-year agreements.
- Schedule special meetings to act on agreements.
- Draft Innovation Grant application narratives.

- Continue to explore Innovation Funding
- Council priorities or direction
- Budget work sessions
- Update Council on progress
  - Revaluation – Net new construction
  - Union contract negotiations
  - September health insurance finalization
  - Any legislative updates

## FY2027 Budget Preparation: **Seeking Council Feedback**

- Creation of a trash utility
- Restructuring of BCCs to reduce staff workload
- Changes to the Transit model to generate \$250K in reductions
- Reduction or elimination in contributions to outside agencies
- Paid parking in parks and neighborhoods – cover costs
- Reduction of non-mandated training for Council (and departments)
- Elimination of Hobbs, Fairfax, and Soccer Parks subsidy through transfer or partnership, paid parking revenue, or sale
- Reduction of Health and Library transfers