

# 2026-2027 Biennial Budget

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**City Manager**

**Kyle Cratty,**  
**Finance Director**

**September 30, 2025**



## Completion of Strategic Plan & Budget Alignment Process



## Completion of Strategic Plan & Budget Alignment Process



### Our Vision

Peoria's mission is to provide excellent services, protection, and infrastructure that fosters a high quality of life.

### Our Mission

Peoria is a thriving, All-American City, rich in history and natural beauty, with an abundance of opportunities for everyone.

### Our Values

Collaboration  
Dignity & Respect  
Stewardship & Accountability  
Informed Decision-Making  
Public Service

### Strategic Priorities



**Quality of Life**



**Infrastructure**



**Downtown Development**



**Community Safety**



**Business Growth & Prosperity**









**Embrace Diversity, Equity and Inclusion**

## Aligning Budget Process with the Strategic Plan



- During the budget planning process, department staff were assigned the responsibility of completing their department plans and aligning their goals with the operational budget.
- Department heads worked together to develop organizational wide goals based on the council's priorities to focus department goals around
- Departments also had the opportunity to meet with the Assistant City Manager/Finance Director and support team to receive additional assistance in refining goals.

	Priority	Department Goals
	Quality of Life	6
	Infrastructure	5
	Downtown Development	0*
	Community Safety	5
	Business, Growth & Prosperity	3
	Embrace Diversity, Equity, & Inclusion	5

## Completion of Strategic Plan & Budget Alignment Process



### 2026 Organizational Wide Goals

- **Quality of Life:** By Q4, we will develop a service modernization strategy that evaluates the City's use of technology to meet the community's service delivery expectations and adheres to the City's fund balance policy.
- **Infrastructure:** Complete 90% of FY26 implementation-ready capital and routine maintenance projects within 5% budget variance by December 2026
- **Downtown Development:** Implement a comprehensive placemaking initiative for the Central Business District to make it a destination that increases foot traffic by 10% by December 2026

## Completion of Strategic Plan & Budget Alignment Process

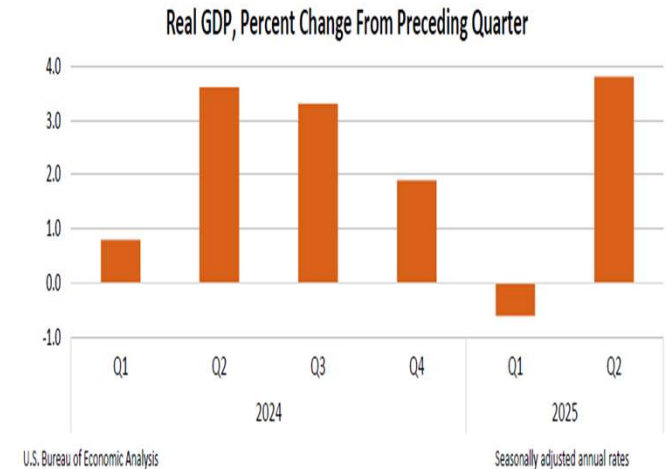


### 2026 Organizational Wide Goals

- **Community Safety:** Implement a coordinated, interdepartmental prevention strategy and operations strategy increasing awareness and providing information and services to decrease emergency interventions/calls by 10% by December 2027
- **Business Growth and Propserptiy:** We will identify, streamline, and increase ease of use for business related activities so we can reduce average turnaround times by 5% by the end of 2027
- **Embrace Diversity, Equity, and Inclusion:** By December 2026, we will implement a comprehensive public engagement framework to support increasing public awareness of city services and activities as measured by program specific outcomes and increasing participation in city meetings, events, and online platforms by 25% within 18 months of implementation.

# National Economic News

- Real GDP increased 3.8% in Q2 25
- Real GDP decreased 0.6% in Q1 25
- Consumer spending and a decrease in imports drove Q2 24 increases.
- Federal Reserve continues rate cuts but are signaling fewer cuts as inflation looms
- Inflation trending lower and projected to be 2.3-3.2% by 2026



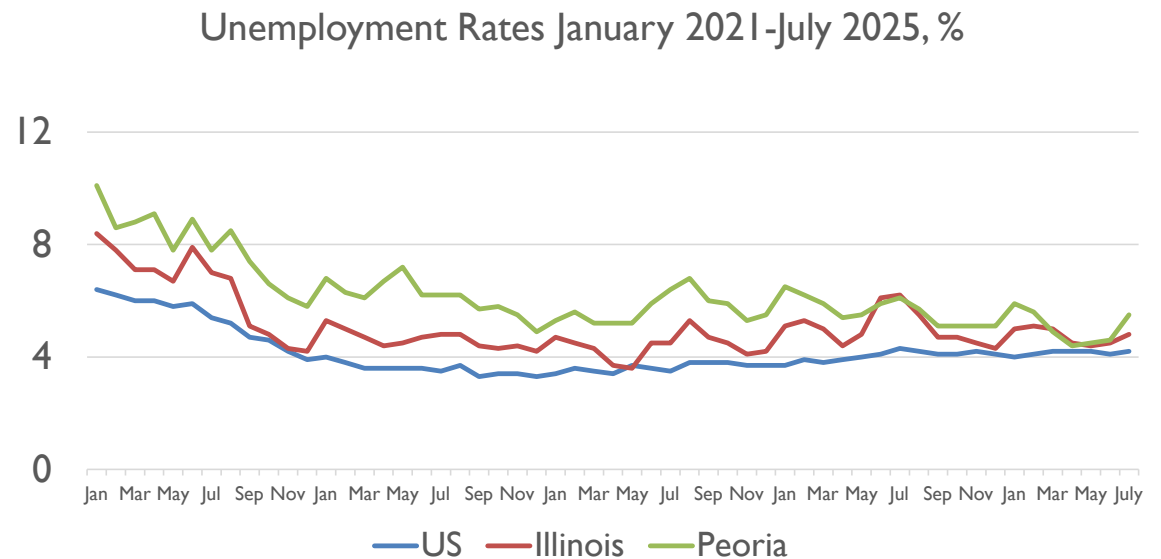
<https://www.bea.gov/data/gdp/gross-domestic-product>

<https://www.bloomberg.com/news/articles/2024-09-27/fed-s-preferred-price-gauge-seen-hitting-2-goal-in-early-2025?sref=bmoUiEVM>



# Economic News - Unemployment

- National unemployment 4.2%
- State unemployment 4.8%
- Peoria unemployment 5.5%, versus 6.1% one year ago.





# 2026-2027 Budget Summary

**Revenues: \$298M (-1.4%), stronger local taxes, lagging state and federal sources**



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graph TD; A[Revenues: $298M (-1.4%), stronger local taxes, lagging state and federal sources] --> B[Operations: $216.6M (7.7%), Higher benefit costs and pension costs]; B --> C[Capital: $48.9M (-36.7%), CSO Year 5, less grant funds, road and drainage work]; C --> D[Debt: $21.5M (-2.1%), to meet debt requirements];
```

**Operations: \$216.6M (7.7%), Higher benefit costs and pension costs**

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**Debt: \$21.5M (-2.1%), to meet debt requirements**

# 2025 Budget Highlights

- Revenues ahead of budget \$16.9 million or \$5.9%
  - Stronger local sources and smaller revenue sources
- Smaller revenue areas overperformed to close revenue deficit
  - Interest income
  - Fines/Forefeitures
  - HRA Taxes
- Expenses on track to be above budget due to capital timing. \$14.0 million or \$4.7%
- Use of a little over \$9 million in fund balance below budgeted amount of \$13.1 million.

# Revenue in 2025



Real  
Estate  
Transfer  
**+15.2%**



Home  
Rule Sales  
**+14.9%**



Hotel Tax  
**+4.9%**



Rest. Tax  
**+1.5%**



Sewer/  
SWU  
**5.0%**



Licenses  
Permits  
**-3.26%**



State  
Sales  
**+8.9%**












Income  
**+2.6%**



Corp  
Income  
**-14.3%**

# 2025 Projected Estimates vs. 2026 Budget

						
Real Estate Transfer	Home Rule Sales	Hotel Tax	Rest. Tax	Sewer/ SWU	Licenses, Permits	State Sales
<b>-6.0%</b>	<b>+0.3%</b>	<b>-5.0%</b>	<b>+1.5%</b>	<b>-5.2%</b>	<b>+1.3%</b>	<b>-0.2%</b>
				<div> <b>2026 Revenues</b>  anticipate economic  growth of around 2% </div>		
		Income	Corp Income			
		<b>+0.4%</b>	<b>10.6%</b>			

# 2026 Local Sources

	2025	2026	%	\$	2027	%	\$
	Projected Actuals	Budget	Change	Change	Budget	Change	Change
Local Sources							
Property Tax Levy	37,316,943	39,643,078	6.2%	2,326,135	40,818,058	3.0%	1,174,979
TIF Property Taxes	6,430,535	6,525,785	1.5%	95,250	6,716,876	2.9%	191,091
Home Rule Sales Tax	34,305,065	34,419,641	0.3%	114,576	34,763,837	1.0%	344,196
Sewer/Stormwater Fees	27,452,587	26,025,000	-5.2%	(1,427,587)	26,203,375	0.7%	178,375
Insurance Charges	16,875,626	18,451,515	9.3%	1,575,889	18,740,659	1.6%	289,144
Utility Taxes	10,450,081	10,550,000	1.0%	99,919	10,655,500	1.0%	105,500
Refuse Collection Fee	11,803,371	12,300,000	4.2%	496,629	12,472,500	1.4%	172,500
HRA Tax	13,042,099	12,914,455	-1.0%	(127,644)	13,043,600	1.0%	129,145
Franchise Fees	3,154,560	3,154,560	0.0%	0	3,186,106	1.0%	31,546
Licenses and Permits	3,397,500	3,442,000	1.3%	44,500	3,493,630	1.5%	51,630
Gambling Revenues	4,482,490	4,400,000	-1.8%	(82,490)	4,444,000	1.0%	44,000
Local Motor Fuel Taxes	1,618,247	1,600,000	-1.1%	(18,247)	1,616,000	1.0%	16,000
Parking Fees	1,597,500	1,656,500	3.7%	59,000	1,681,348	1.5%	24,848
Real Estate Transfer Tax	1,382,490	1,300,000	-6.0%	(82,490)	1,313,000	1.0%	13,000
Fines and Forfeitures	1,350,049	1,277,500	-5.4%	(72,549)	1,296,663	1.5%	19,163
Package Liquor Tax	1,080,000	1,096,200	1.5%	16,200	1,107,162	1.0%	10,962
Total Local Sources	175,739,143	178,756,235	1.7%	3,017,091	181,552,312	1.6%	2,796,078

# Assessed Values and Stormwater Fees



## Assessed Values

- Gain +6.56%, Slightly lower rate



## Stormwater Fee

- CPI Increase. First time since 2021

# 2026 State/Federal/Other Sources

State Sources							
State Sales Tax	33,583,893	33,510,556	-0.2%	(73,337)	33,848,980	1.0%	338,424
Income Tax	20,305,899	20,389,630	0.4%	83,731	21,001,319	3.0%	611,689
PPRT	9,851,015	10,893,643	10.6%	1,042,627	11,438,325	5.0%	544,682
State Motor Fuel Taxes	5,015,988	5,168,803	3.0%	152,815	5,427,243	5.0%	258,440
State Grants	8,079,849	2,425,450	-70.0%	(5,654,399)	109,957	-95.5%	(2,315,493)
Total State Sources	76,836,644	72,388,082	-5.8%	(4,448,562)	71,825,824	-0.8%	(562,258)
Federal Sources				a			
Total Federal Sources	6,400,738	7,741,560	20.9%	1,340,822	4,600,000	-40.6%	(3,141,560)
Bonds and Other Sources	31,714,164	25,123,409	-20.8%	(6,590,755)	48,846,781	94.4%	23,723,372



# 2026 Expenses by Category

	2025	2026	%	\$	2027	%	\$
	Projected	Budget	Change	Change	Budget	Change	Change
Operating Expenditures							
Personnel Services	77,954,623	82,075,363	5.29%	4,120,740	84,494,391	2.95%	2,419,028
Employee Benefits	42,976,592	46,206,406	7.52%	3,229,814	48,516,726	5.00%	2,310,320
Contractual Services	71,956,413	79,867,230	10.99%	7,910,817	80,409,881	0.68%	542,650
Supplies and Materials	8,235,940	8,454,636	2.66%	218,697	8,417,950	-0.43%	(36,686)
Total Operating Expenditures	201,123,568	216,603,636	7.70%	15,480,068	221,838,948	2.42%	5,235,312
Capital	77,289,495	48,938,302	-36.68%	(28,351,193)	62,792,357	28.31%	13,854,055
Debt Service	21,981,922	21,528,846	-2.06%	(453,076)	23,272,033	8.10%	1,743,187
TOTAL EXPENDITURES	300,394,985	287,070,785	-4.44%	(13,324,200)	307,903,338	7.26%	20,832,554
Interfund Transfers	12,132,456	14,116,192	16.35%	1,983,736	12,662,822	-10.30%	(1,453,370)
Total Uses	312,527,441	301,186,977	-3.63%	(11,340,464)	320,566,160	6.43%	19,379,184

# Staffing



## 2025 Staffing (+14)

- Increased staffing up to 706



## 2026 Staffing (+2)

- Increase staffing to 708, up 0.2%
- Fill current vacancies

## Staffing – 2 New Positions + 1 Reassigned Position

- **Public Works-** Includes the conversion of a Stormwater Manager that Council authorized as part of the 2025 budget into an Enterprise Operations Deputy Director. This reworked position would still have many of the same oversight responsibilities in the Stormwater Utility but would expand the position's oversight to Sewer and Garbage/Refuse operations.
- **Emergency Communications:** Creation of a Training and Quality Assurance Supervisor position. This newly created position would develop and manage a structured onboarding process and ongoing education program, conduct regular call reviews to ensure protocols are followed, identify performance trends, and help maintain compliance with national best practices

## Staffing – 2 New Positions + 1 Reassigned Position

- **Treasurer's Office:** Treasurer Montelongo is requesting an additional position, funded through the Stormwater Utility Fund, to improve collection efforts of unpaid debts to the City. The Collections Coordinator position would work with the City's legal department and accounts receivable department to focus on collecting unpaid amounts for both residential and commercial accounts related to Stormwater fees.

# Capital Grants



## University and Northmoor Intersection(\$3.92 million)

- Federal Tri-County Regional Planning Funds for intersection reconstruction



## Police Facility (\$625,000)

- Construction of multi-purpose storage and firing range facility for PD



## Police Technology (\$300,000)

- Various technology needs of the department

# Operating Grants



## Police Grants (\$2.4 million)

- Operating Grants for co-response and vehicle task force

# CDBG/Home Grants



## CDBG (\$2.0 million)

- Federal Community Development Block Grant



## HOME (\$665 thousand)

- Federal grant for affordable housing



## ESG (\$135 thousand)

- Federal grant for homeless services in the region



# Support to Other Agencies

- Convention and Visitors Bureau - \$542,000
- Civic Center – \$1,200,000
- Arts Partners – \$100,000
- Downtown Development Corporation – \$100,000
- Greater Peoria Economic Development Council – \$75,000
- Peoria County Animal Control Services – \$282,875
- Springdale Cemetery- \$250,000
- Emergency Management - \$42,000

# 2026 Community Investment Plan



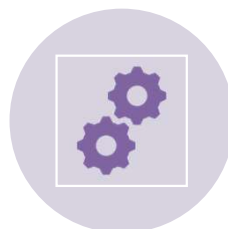
**\$48.9M** in Capital Improvements



Road, sewer and sidewalks, traffic  
**62.7%** of the CIP



**62.7%** Directly impacts citizens



**37.3%** for tools, technology, and facilities

## 2026-2030 Community Investment Plan

Category	2026.0%	2026	2027	2028	2029	2030
Development	2.0%	\$1,000,000	\$1,000,000	\$1,000,000	\$500,000	\$500,000
Equipment	5.8%	\$2,830,000	\$1,620,000	\$1,595,000	\$1,295,000	\$975,000
Facilities	16.0%	\$7,852,500	\$0	\$2,775,500	\$0	\$2,747,000
Sewers/Drainage	22.0%	\$10,765,002	\$40,872,457	\$45,825,000	\$25,515,000	\$15,945,000
Sidewalks	1.6%	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Streets	34.9%	\$17,080,800	\$13,024,900	\$17,270,000	\$11,630,000	\$11,965,000
Traffic/Lighting	2.2%	\$1,060,000	\$1,475,000	\$300,000	\$300,000	\$300,000
Vehicles	15.4%	\$7,550,000	\$4,000,000	\$6,400,000	\$4,000,000	\$4,000,000
Grand Total	100.0%	\$48,938,302	\$62,792,357	\$75,965,500	\$44,040,000	\$37,232,000

# 2026 Major Capital Projects

Capital Project	Amount
University and Northmoor Intersection	\$ 6,900,000
Fire Fleet Replacement	\$ 3,000,000
Police Building - New	\$ 3,000,000
Adams and Jefferson Signal Upgrade/ One-Way to Two Way Conversion	\$ 2,625,000
Fleet Recapitalization	\$ 2,550,000
Moss Avenue from Western Avenue to Sheridan Road	\$ 2,230,000
Sheridan Road from Northmoor to Giles Lane	\$ 2,000,000
SWU Fleet Recapitalization	\$ 2,000,000
MacArthur Hwy from Jefferson Street to Bridge Rehabilitation	\$ 1,830,800
Hickory Grove Road from Knoxville Ave to Hickory Woods Ct	\$ 1,575,000
Richwood's Station 2 Rehab 2011 W Altorfer Drive	\$ 1,562,500

# 2026 Major Capital Projects

Capital Project	Amount
Combined Sewer Overflow Reduction Year 05-07 Storage Project	\$ 1,240,000
Combined Sewer Overflow Reduction Year 08-09 Storage Project	\$ 1,050,000
Combined Sewer Overflow Reduction Year 12-14 Storage Project	\$ 1,000,000
Demolition & Clearance	\$ 1,000,000
Fire Stations & Facilities Improvements	\$ 950,000
Street Lighting Upgrade and Signal Replacement - SW Washington Street	\$ 705,000
City Hall 419 Fulton Street	\$ 675,000
Parking Deck Improvements	\$ 650,000
Conex fire training system	\$ 500,000
Non-Arterial Roads Pavement Preservation- Implementation	\$ 500,000
Sidewalks and ADA Ramps Projects	\$ 500,000

## Debt – Decreases \$453k

### New Issues

\$8.957 million issuance for capital projects

### Payments

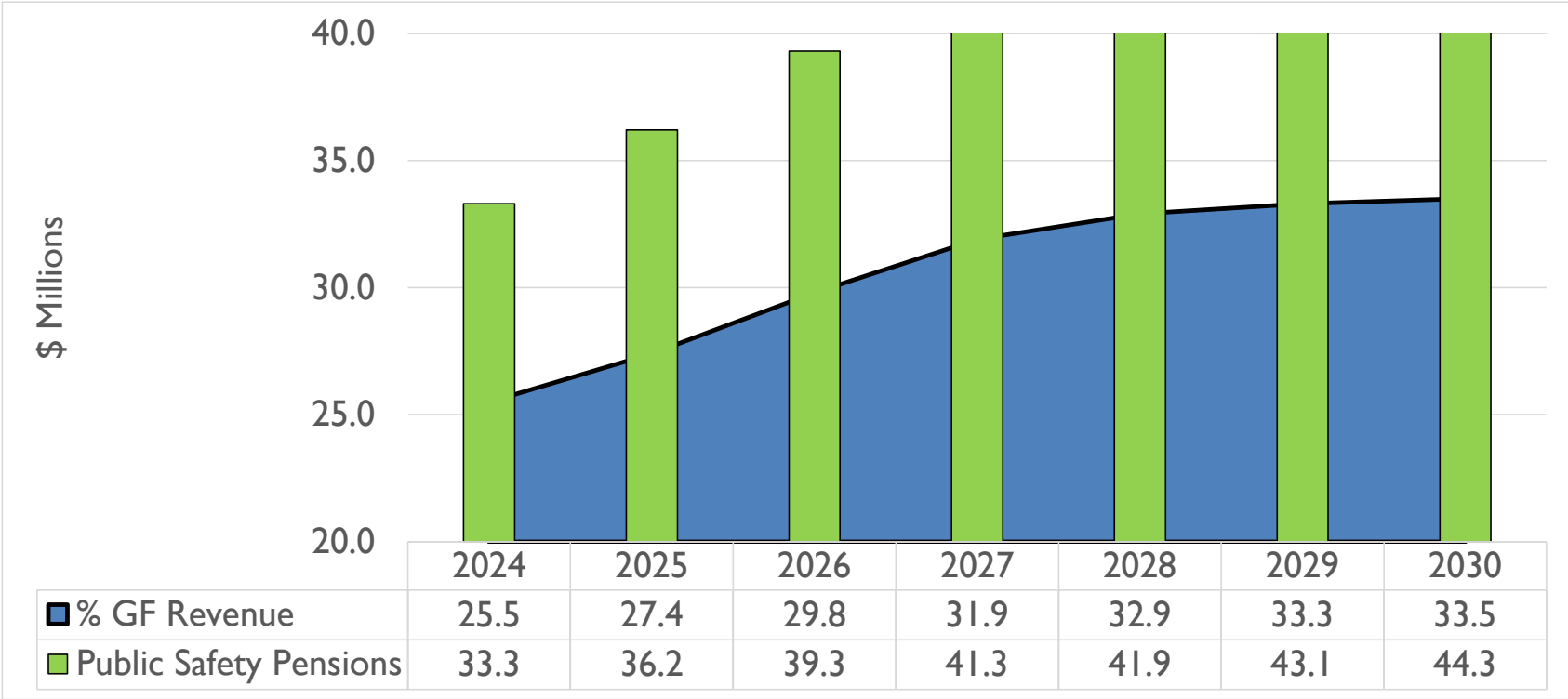
\$453,076 lower than 2025

# Fund Balances

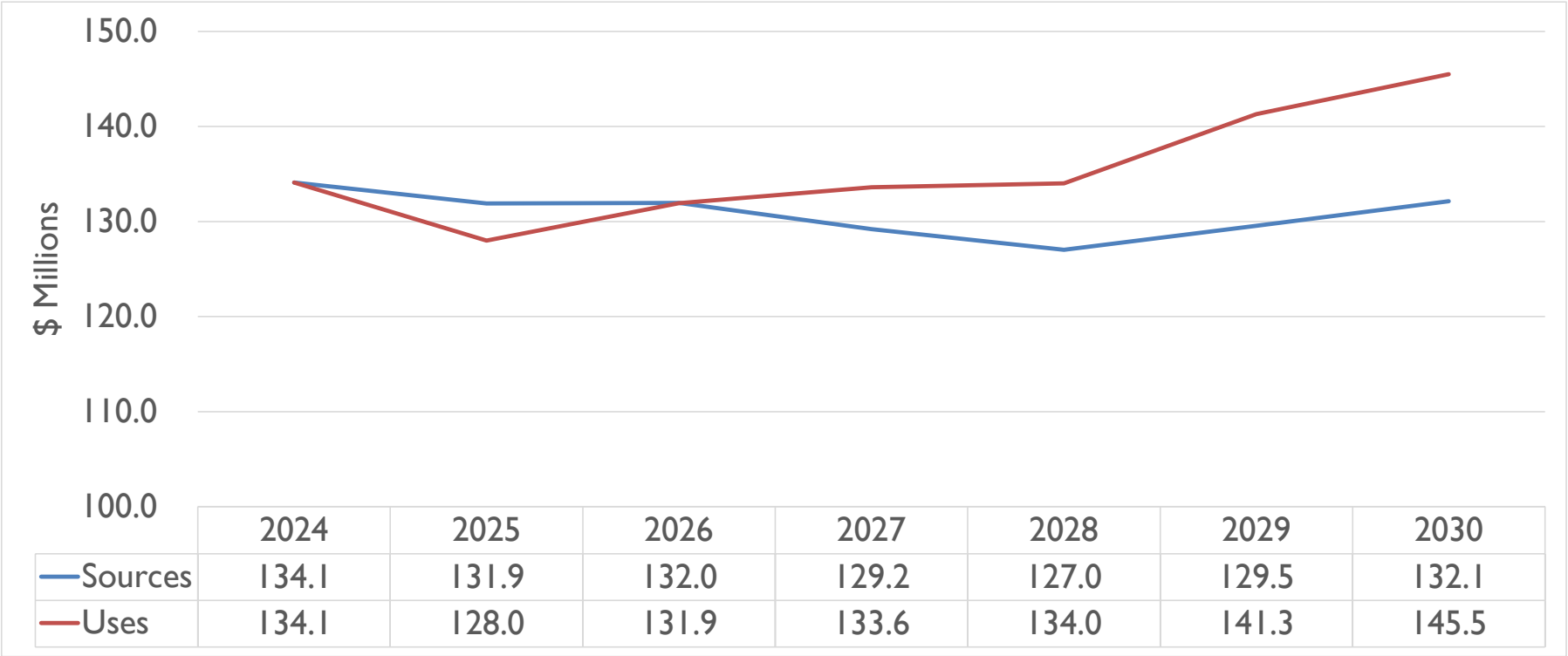
- Currently, the projected fund balance in the General Fund at the end of 2026 will be \$56,703,525 or **43.0%** of operating expenses.
- Due to anticipated growth in pension obligations, excess fund balance will be assigned for future pension payments. At the end of 2026, that amount is \$23,719,622.
- Overall use of fund balance in 2026 is \$3,061,499 (-2.2%)



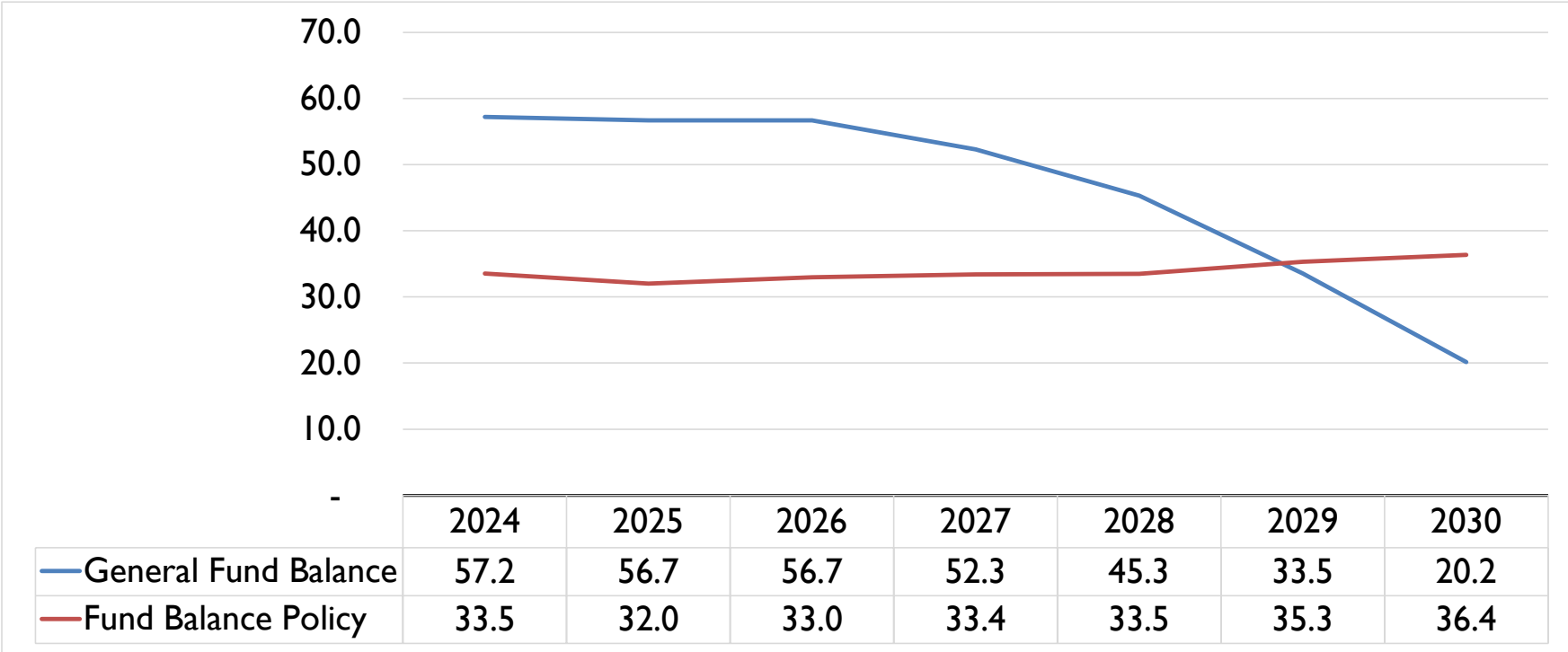
# Public Safety Pensions 2025-2030



# Budget Outlook, 2025-2030, General Fund



# General Fund Balance, 2025-2030



# Budget Timeline

