



# FY 2024-25 Mid-Year Financial Update

---

Presentation to Budget Subcommittee

Karen Chang, *Director of Finance*

JANUARY 29, 2025



# AGENDA

1

FY 2024-25 Financial Update  
(Mid-Year)

2

Reserve & Other Considerations

3

5-Year Projection

4

Q&A

# GF Revenue and Expenditure Mid-Year Summary

---

<b>Reserve for Encumbrances rollover</b>	<b>\$ 7.8</b>
<b>Adopted Budget Shortfall</b>	<b>\$(8.0)</b>
<b>- FY 2024-25 Net Budget Adjustments</b>	<b>(8.1)</b>
<b>+ Mid-Year Revenue Adjustments</b>	<b>5.4</b>
<b>- Mid-Year Appropriation Requests</b>	<b>(4.0)</b>
<b>Total Adjustments</b>	<b>\$(14.7)</b>
<b>FY 2024-25 Projected Deficit</b>	<b>\$ (7.0)</b>

# FY 2024-25 General Fund Adjusted Budget - Revenues

- **FY 2024-25 Budgeted Revenues = \$139.1 million**
- **Total Receipts through December 31 = \$66.0 million (47%)**

REVENUES <i>(in millions)</i>	FY 2023-24			FY2024-25			Recommended		
	Adjusted Budget	Actuals as of 12/31/2023	Percent of Budget	Adjusted Budget	Actuals as of 12/31/2024	Percent of Budget	Mid-Year Adjustments		
Property Tax	\$48.0	\$26.2	55%	\$50.2	\$30.3	60%	↑	\$6.9M →	\$57.1M
Sales Tax	23.4	7.9	34%	23.2	7.2	31%	↓	-2.0M →	21.2M
All Other Taxes	21.9	7.8	35%	21.2	9.1	43%	↑	1.3M →	22.5M
Licenses & Permits	16.9	7.7	45%	13.2	6.2	47%	↑	0.2M →	13.3M
Intergovernmental	4.4	2.3	53%	3.7	1.9	50%	↑	0.6M →	4.3M
Service Charges	8.2	4.7	57%	8.5	5.4	64%	↑	0.2M →	8.7M
All Other Revenues	11.6	4.2	37%	13.8	5.5	40%	↑	1.2M →	15.1M
Transfers In	8.7	0.8	9%	5.3	0.5	10%	↓	-3.0M →	2.3M
<b>TOTAL</b>	<b>\$143.1</b>	<b>\$61.5</b>	<b>43%</b>	<b>\$139.1</b>	<b>\$66.0</b>	<b>47%</b>	↑	<b>\$5.4M →</b>	<b>\$144.5M</b>

# FY 2024-25 Mid-year Revenue Adjustment Summary

<b>Requests by Department:</b> <i>(in thousands)</i>	<b>YES (ONGOING)</b>	<b>YES (One-time)</b>	<b>Total Requests</b>
Non-Dept GF	\$5,900	\$(1,460)	\$4,440
ECD	-	(985)	(985)
FIRE	-	1,345	1,345
PW-ENG	-	550	550
<b>Total GF</b>	<b>\$5,900</b>	<b>\$(550)</b>	<b>\$5,350</b>
Measure W	\$(1,500)	-	\$(1,500)

# Additional GF Revenue Mid-year Request

---

➤ <b>Economic and Community Development</b>		<b>(\$985,000)</b>
– Building Permit Fee Decrease	\$(1,000,000)	
– Donations for Bio Conference 2025	15,000	
➤ <b>Fire Department</b>		<b>\$1,345,000</b>
– Paramedic Service Fee Increase	\$195,000	
– Fire Plan Check Fee	600,000	
– Mutual Aide Support Reimbursement	550,000	
➤ <b>Public Works</b>		<b>\$550,000</b>
– Engineering Permit Fee	\$550,000	

# FY 2024-25 General Fund Adjusted Budget - Expenditures

- **FY 2024-25 Budgeted Expenditures = \$155.2 million**
- **Total Expenditures through December 31 = \$66.7 million (43%)**

EXPENDITURES <i>(in millions)</i>	FY 2023-24			FY2024-25			Recommended			
	Adjusted Budget	Actuals as of 12/31/2023	Percent of Budget	Adjusted Budget	Actuals as of 12/31/2024	Percent of Budget	Mid-Year Adjustments			
City Attorney	\$1.1	\$0.5	48%	\$1.5	\$0.8	56%	↑	\$0.8M	→	\$2.3M
City Clerk	1.3	0.5	37%	1.3	0.5	39%	↑	0.1M	→	1.4M
City Council	0.3	0.1	49%	0.3	0.1	32%		0.0M	→	0.3M
City Manager	5.0	1.7	33%	3.9	1.5	38%	↑	0.4M	→	4.3M
City Treasurer	0.1	0.1	42%	0.2	0.0	22%		0.0M	→	0.2M
Finance	4.5	1.5	33%	4.3	1.6	36%	↓	(0.1)M	→	4.2M
Human Resources	3.0	1.2	41%	3.0	1.4	47%	↑	0.0M	→	3.0M
Non-Expense/Dept	1.9	1.1	57%	2.2	1.4	65%		0.0M	→	2.2M

# FY 2024-25 General Fund Adjusted Budget - Expenditures

EXPENDITURES <i>(in millions)</i>	FY 2023-24			FY2024-25			Recommended		
	Adjusted Budget	Actuals as of 12/31/2023	Percent of Budget	Adjusted Budget	Actuals as of 12/31/2024	Percent of Budget	Mid-Year Adjustments		
ECD	\$12.4	\$5.3	43%	\$11.6	\$4.1	35%	↑	\$0.2M →	\$11.8M
Fire	33.6	19.9	59%	37.1	17.9	48%	↑	1.0M →	38.1M
Library	8.3	3.9	48%	9.0	3.5	39%	↑	0.0M →	9.0M
Parks & Rec	27.1	11.5	42%	28.6	11.4	40%	↑	0.9M →	29.5M
Police	37.0	20.2	55%	38.3	17.4	46%		0.0M →	38.3M
Public Works	13.8	4.8	35%	13.4	4.9	37%	↑	0.7M →	14.1M
CIP	4.4	0.3	8%	0.7	0.0	1%		0.0M →	0.7M
<b>Total</b>	<b>\$153.9</b>	<b>\$72.7</b>	<b>47%</b>	<b>\$155.2</b>	<b>\$66.7</b>	<b>43%</b>	↑	\$4.0M →	\$159.3M



# FY 2024-25 Mid Year Expenditure Request Summary

<b>Funding Sources</b> <i>(thousands)</i>	<b>(ongoing)</b>	<b>(one-time)</b>	<b>Total</b>
General Fund	\$1,212*	\$2,810	\$4,022
Measure W	-	(3,000)	(3,000)
Information Technology	40	-	40
<b>Total</b>	<b>\$1,252</b>	<b>\$(190)</b>	<b>\$1,062</b>

\*Includes utilities

# Additional GF Appropriations Request

➤ <b>City Attorney</b>		<b>\$800,000</b>
– Litigation Expenses	\$765,000	
– Labor Negotiation	35,000	
➤ <b>City Clerk</b>		<b>\$79,000</b>
– Election ballot measure for March election	\$79,000	
➤ <b>City Manager’s Office</b>		<b>\$360,000</b>
– Abandoned/Derelict Vessel Removal	\$150,000	
– Unfreeze of Administrative Assistant I position	60,000	
– Bond Council for Community Facilities District development	150,000	
➤ <b>Economic &amp; Community Development</b>		<b>\$175,000</b>
– Bio 2025 increase back to original budget	\$75,000	
<del>– CEQA Analysis for alternative housing element to replace</del>		
<del>– MSB</del>	<del>\$100,000</del>	

# Additional GF Appropriations Request

---

➤ <b>Finance</b>		<b>(\$90,000)</b>
– Reallocate Bond Council original budget to CMO	(\$90,000)	
➤ <b>Fire Department</b>		<b>\$950,000</b>
– Contracts for Fire Plan Reviews (offset by higher revenue)	\$400,000	
– Overtime due to mutual aide support (offset by reimbursement)	550,000	
➤ <b>Human Resources</b>		<b>\$40,000</b>
– Additional contract services	\$40,000	

# Additional GF Appropriations Request

## ➤ Library

**\$38,000**

- |  |         |
|--|---------|
| – Grand Library Wireless Access Point Replacement  | \$6,000 |
| – Peninsula Libraries Automated Network service increase   | 18,000  |
| – LPR Digital media software renewal   | 4,000   |
| – Patron Chromebook maintenance upgrades   | 7,000   |
| – Patron Chromebook management software  | 3,000   |
| – Unfreeze 0.69 FTEs with no fiscal impact in FY2024-25, as there is sufficient salary savings in the Library to fund this increase. |         |

### Positions:

- 0.20 FTE - Library Assistant I
- 0.25 FTE - Library Clerk
- 0.09 FTE - Librarian II
- 0.06 FTE - Librarian I
- 0.04 FTE - Library Page
- 0.05 FTE - Office Specialist

# Additional GF Appropriations Request

---

➤ <b>Parks &amp; Recreation</b>		<b>\$17,000</b>
– Uniforms - budget amount has not been adjusted to account for inflation.	\$17,000	
➤ <b>Public Works</b>		<b>\$550,000</b>
– Contracts for Public Works Plan Reviews (offset by revenue)	\$550,000	
➤ <b>Utilities</b>		<b>\$1,103,000</b>
– Parks and Recreation	\$895,000	
– Public Works	175,000	
– All Other Depts	33,000	

# Additional Non-GF Mid-Year Request

---

<b>1. Measure W Sales Tax Fund (101)</b>		<b>(\$1,500,000)</b>
– Elimination of Transfer Out to the General Fund	(\$3,000,000)	
– Decrease in budgeted sales tax revenue, which aligns with the City’s sales tax consultant’s revised projection	1,500,000	
<b>2. Information Technology Internal Service Fund (785)</b>		<b>\$40,000</b>
– Overtime Budget	\$14,000	
– Standby Pay Budget	26,000	

# FY 2024-25 Mid Year Expenditure Request Summary – Other Funds

## Ongoing Utilities

<b>Funding Source (in thousands)</b>	<b>Electric/Gas</b>	<b>Water</b>	<b>Total</b>
West Park Maint Dist 3	\$13.0	\$44.0	\$57.0
Stonegate Ridge Maint	1.0	5.0	6.0
West Park Maint Dist 1&2	2.0	4.0	6.0
Special Tax Levy B (CFD)	0.0	111.0	111.0
Sewer Enterprise Fund	657.0	0.0	657.0
Parking District Fund	160.0	1.0	161.0
Storm Water Fund	4.0	0.0	4.0
<b>Total</b>	<b>\$837.0</b>	<b>\$165.0</b>	<b>\$1,002</b>

# Mid-Year Capital Improvement Plan (CIP) Request

---

## 1. Linden Park (Existing project pk2305)

**\$2,000,000**

- Funding Source: \$1 million Park Construction Fund (806), \$1 million Developer Contributions
- The increase covers construction costs with the expectation that the contract for construction will be awarded in FY2024-25.



# Projected GF Revenue and Expenditure Summary

<b>Reserve for Encumbrances rollover</b>	<b>\$ 7.8</b>
<b>Adopted Budget Shortfall</b>	<b>\$(8.0)</b>
<b>- FY 2024-25 Net Budget Adjustments</b>	<b>(8.1)</b>
<b>+ Mid-Year Revenue Adjustments</b>	<b>5.4</b>
<b>- Mid-Year Appropriation Requests</b>	<b>(4.0)</b>
<b>Total Adjustments</b>	<b>\$(14.7)</b>
<b>FY 2024-25 Projected Deficit</b>	<b>\$ (7.0)</b>

# Projected GF Undesigned F/B (As of June 30, 2025)

---

Available Unassigned GF Fund Balance (FY 24)	\$34.8
<b>FY 2024-25 Projected Deficit</b>	<b>(7.0)</b>
Available GF Fund Balance (FY 25)	\$27.8

# Financial Analysis – 5 Year Projection

---

Revenues & Expenditures (in thousands)	2025 Adopted Budget	2025 Projected	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Total Revenue	\$137,421	\$152,267	\$146,784	\$150,576	\$154,523	\$158,517
Total Expenditures	145,441	159,255	157,212	162,311	167,302	173,478
Surplus/(Deficit)	\$ (8,020)	\$ (6,988)	\$(10,428)	\$(11,735)	\$(12,779)	\$(14,961)

# 5 Year Projection - Assumptions

---



*FY 2025 Adopted*- Included \$3M from Measure W; Implement 5% (~\$6.0M) expenditure reduction;



*FY 2025 Projected* - Removed \$3M from Measure W; includes preliminary mid-year adjustment



FY 2026 Forecast -2.75% Revenue & expenditures; 10% medical; projected UAL; 5% attrition continue



FY 2027 Forecast – 2.75% Revenue & Expenditures; 7% medical; projected UAL; 5% attrition continue



FY 2028-2029 Forecast – 2.75% Revenue & Expenditures; 7% medical; projected UAL; 5% attrition continue;

# QUESTIONS?

---