



# FY 2025-26 Proposed Budget

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Presentation to Budget Subcommittee

Karen Chang, *Director of Finance*

May 20, 2025



# AGENDA

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FY 2024-25 Financial Update  
(Year End Update)

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FY 2025-26 Proposed Budget

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5-Year Projection

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Q&A

# GF Available Fund Balance Update

	Mid-Year Projected FY 2024-25 Year End	Updated Projected FY 2024-25 Year End
Year Start Available Fund Balance	\$34.8	\$34.8
Adjustments to Fund Balance <sup>1</sup>	7.8	7.8
Revenues (inflows)	145.3	144.1
Expenditures	(159.9)	(157.6)
Change in Available Fund Balance	(6.9)	(5.8)
Projected Year-End Fund Balance	\$27.9	\$29.0

1. Adjustment to fund balance is the release of encumbered funds back into the available reserve.



# 2025-26 Proposed Budget

Citywide Impacts



# Citywide Expense Assumptions

Salaries

• 3% COLA

Healthcare

• 4% Blue Shield, Flat Others

UAL

• \$3.7 million increase

Utilities

• \$2.2 million increase

General Inflation

• 2.7%

# Fiscal Challenge

- Revenues are not keeping up with Expenditure growth





# 2025-26 Proposed Budget

General Fund



# FY 2025-26 Proposed Budget Summary

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	<b>FY2025-26 Proposed Budget</b>
Revenues	<b>\$140.5M</b>
Expenses	<b>152.7M</b>
Net Surplus/(Deficit)	<b>(\$12.2M)</b>



# FY 2025-26 General Fund Proposed Budget - Revenues

- **FY 2025-26 Budgeted Revenues = \$140.5 million**

REVENUES	FY 2023-24	FY2024-25		FY2025-26			
(in millions)	Actuals as of 6/30/2024	Adopted Budget	Adjusted Budget	Proposed			
Property Tax	\$56.4	\$50.2	\$57.1	↑	\$6.7M	→	<b>\$56.9M</b>
Sales Tax	23.2	23.2	21.2	↓	(2.0M)	→	<b>21.2M</b>
TOT	14.9	14.5	14.8	↑	0.8M	→	<b>15.3M</b>
Other Taxes	7.1	6.7	7.7	↑	2.3M	→	<b>9.0M</b>
Franchise Fees	5.3	6.2	6.2	=	0.0M	→	<b>6.2M</b>
<b>Sub-Total</b>	<b>\$106.9</b>	<b>\$100.8</b>	<b>\$107.0</b>				

# FY 2025-26 General Fund Adjusted Budget - Revenues

- FY 2025-26 Budgeted Revenues = \$140.5 million

REVENUES	FY 2023-24	FY2024-25		FY2025-26			
(in millions)	Actuals as of 6/30/2024	Adopted Budget	Adjusted Budget	Proposed			
License and Permits	\$14.0	\$13.2	\$13.6	↓	-\$2.4M	→	\$10.7M
Intergovernmental	6.5	2.7	4.9	↑	\$0.3M	→	2.9M
Service Charges	11.0	8.5	8.7	=	\$0.0M	→	8.5M
All Other Revenues*	9.9	7.6	8.9	↑	\$0.6M	→	8.2M
Transfers In	6.3	4.7	2.3	↓	-\$3.2M	→	1.5M
PO/CIP Rollover	0.0	0.0	10.5	=	\$0.0M	→	0.0M
<b>TOTAL REVENUES</b>	<b>\$154.6</b>	<b>\$137.4</b>	<b>\$156.0</b>	↑	\$3.1M	→	<b>\$140.5M</b>

\* Includes Fines & Forfeitures, Inter-Fund Admin Charge, Use of Money & Property, and Other Revenues.

# FY 2025-26 General Fund Adjusted Budget - Expenditures

## ■ FY 2025-26 Budgeted Expenditures = \$152.7 million

Expenditures	FY 2023-24	FY2024-25		FY2025-26			
(in millions)	Actuals as of 6/30/2024	Adopted Budget	Adjusted Budget	Proposed			
Salary and Benefits	\$106.1	\$113.4	\$114.4	↑	\$3.6M	→	\$117.0M*
Supplies and Services	23.0	22.1	34.3	↑	2.9M	→	25.0M
Capital Outlay	0.2	0.0	0.7	=	0.0M	→	0.0M
Interdepartmental Charges	10.2	9.5	9.5	=	0.7M	→	10.2M
Transfers - Operation	0.5	0.5	0.5	=	0.0M	→	0.5M
Transfers - Capital Transfers	0.7	0.0	3.4	=	0.0M	→	0.0M
<b>TOTAL EXPENDITURE</b>	<b>\$140.8</b>	<b>\$145.4</b>	<b>\$162.8</b>	↑	\$7.2M	→	\$152.7M

\* Includes 7% vacancy savings, \$8.0M



# Department Requests





# FY 2025-26 GF Proposed Dept Budget – Expenditures

EXPENDITURES	FY2023-24	FY2024-25		FY2025-26	
<i>(in millions)</i>	Actuals as of 6/30/2024	Adopted Budget	Adjusted Budget	Proposed Budget	% Change from FY2024-25 Adopted
City Council	\$0.3	\$0.3	\$0.3	\$0.3	-14.5%
City Clerk	1.0	1.3	1.4	1.4	6.6%
City Treasurer	0.2	0.2	0.2	0.2	26.7%
City Attorney	1.7	1.5	2.3	1.5	4.0%
City Manager	3.4	3.9	4.3	4.8	24.3%
Finance	3.3	3.9	4.2	4.3	11.1%
Human Resources	2.6	2.7	3.0	3.0	12.5%
Econ & Comm Develop	11.1	8.9	12.0	9.6	8.1%
Fire	36.7	36.4	38.1	40.2	10.4%
Police	37.1	38.2	38.4	42.3	10.8%

# FY 2025-26 GF Proposed Dept Budget – Supplies & Services

EXPENDITURES	FY2023-24	FY2024-25		FY2025-26	
<i>(in millions)</i>	Actuals as of 6/30/2024	Adopted Budget	Adjusted Budget	Proposed Budget	% Change from FY2024-25 Adopted
Public Works	\$10.1	\$11.1	\$14.4	\$12.6	13.4%
Library	7.7	8.9	9.1	9.3	5.5%
Parks and Recreation	22.9	26.3	29.6	29.1	10.4%
CIP	0.7	0.0	3.4	0.0	0.0%
Non-Dept Expense	2.0	1.9	2.2	1.9	0.0%
Salary Savings	0.0	0.0	0.0	-8.0	0.0%
<b>TOTAL EXPENDITURES</b>	<b>\$140.8</b>	<b>\$145.4</b>	<b>\$162.8</b>	<b>\$152.7</b>	<b>5.0%</b>
Information Technology*	4.2	4.3	4.6	4.7	10.2%

\*Non-General Fund: budgeted as internal service fund in Fund 785

# GF – City Attorney

➤ <b>Expense – Services &amp; Supplies</b>		<b>\$65,000</b>
– Contract Increase	\$65,000	
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<b>Net</b>		<b>(\$65,000)</b>

## GF – City Manager’s Office

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➤ <b>Expense – Services &amp; Supplies</b>		<b>\$300,000</b>
– Abandoned/Derelict Vessel Removal/Destruction	\$200,000	
– Biennial Community Survey	\$100,000	
➤ <b>Expense – Personnel</b>		<b>\$0</b>
– Upgrade position from AAI to AAll	\$7,576*	
<b>Net</b>		<b>(\$300,000)</b>

\*Salary savings will cover the cost in the first year.



# GF – Economic & Community Development

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➤ <b>Revenue</b>		<b>(\$2,966,152)</b>
– Building Permit Fees	(\$3,316,152)	
– Planning Fees	350,000	

# GF – Economic & Community Development

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➤ <b>Expense – Services &amp; Supplies</b>	<b>\$58,172</b>
– Construction Coordination Committee	\$75,000
– TDM & Trip Cap Monitoring and Compliance	40,000
– Retail Strategies for ECR & Commercial Centers	30,000
– Building Permit Plan Check	(136,828)
– JP Morgan Investment Conference	50,000

# GF – Economic & Community Development

➤ <b>Expense – Personnel</b>	<b>(\$91,520)</b>
– Switch PT Hourly position to a Contract model-Promotores	(\$91,520)
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<b>Net</b>	<b>(\$2,932,804)</b>

# GF – Finance

➤ <b>Expense – Services &amp; Supplies</b>		<b>\$20,000</b>
– Property Tax Consultant	\$20,000	
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<b>Net</b>		<b>(\$20,000)</b>



## GF – Fire

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➤ <b>Revenue</b>	<b>\$410,000</b>
– Fire Permits	\$360,000
– Ambulance Transport	(350,000)
– Program Reimbursement for Mutual Aid	400,000

## GF – Fire

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➤ <b>Expense – Services &amp; Supplies</b>		<b>\$550,098</b>
– Plan Review Contract Services	\$400,000	
– Replace Aging Vehicle Extrication Equipment	41,287	
– Equipment & Supplies	58,811	
– Equipment & Lodging for Mutual Aid	50,000	

## GF – Fire

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➤ <b>Expense – Personnel</b>		<b>\$500,000</b>
– Reclass Hourly Safety Inspector to FT Position	\$11,555*	
– Overtime Mutual Aid	500,000	
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<b>Net</b>		<b>(\$640,098)</b>

\*Salary savings will cover the cost in the first year.

## GF – Human Resources

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➤ <b>Expense – Services &amp; Supplies</b>		<b>\$100,000</b>
– Contract for HR Investigation & Compensation	\$50,000	
– Recruitment Costs	50,000	
➤ <b>Expense – Personnel</b>		<b>\$7,200</b>
– Annual Hourly Summer Interns	\$7,200	
<hr/> <b>Net</b>		<b>(\$107,200)</b>



# GF – Library

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➤ <b>Revenue</b>		<b>\$232,172</b>
– ESL Grant	\$132,822	
– ACES Grant	99,350	

## GF – Library

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➤ <b>Expense – Services &amp; Supplies</b>		<b>\$44,754</b>
– PLAN Network Service Increases	\$10,000	
– Youth Library Program Support	5,000	
– Children’s Books	5,000	
– ESL Grant Expenses	24,754	
➤ <b>Expense – Personnel</b>		<b>\$0</b>
– Reclass Hourly Library Page to Library Assistant	\$42,271*	
<b>Net</b>		<b>\$187,418</b>

\*Salary savings will cover the cost in the first year.

# GF – Parks and Recreation

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## ➤ Revenue

**\$140,822**

– Aquatics Program	\$163,000
– Program Increases	600,000
– ELOP Program <sup>1</sup>	(622,178)

1. The annual Expanded Learning Opportunities Program (ELOP) revenue, has been removed from the current budget. This item will be presented separately to City Council for consideration, and is expected to be significantly higher. Expected revenues will be adjusted at that time.

## GF – Parks and Recreation

➤ <b>Expense – Services &amp; Supplies</b>		<b>\$229,249</b>
– Pool Opening Supplies & Services <sup>1</sup>	\$192,149	
– Building Maintenance	14,500	
– Vehicular Gates & Rollup Door Maintenance	20,000	
– Caltrans Plaza Airspace Lease	2,600	
➤ <b>Expense – Personnel</b>		<b>\$581,086</b>
– Aquatics Positions <sup>1</sup>	519,404	
– Senior Program	74,244	
– Parks Program	(12,562)	
<b>Net</b>		<b>(\$669,513)</b>

1. Expenses are for a half year of operations at the new pool.

## GF – Police

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➤ <b>Revenue</b>	<b>(\$23,408)</b>
– Dispatch Services for Other Cities	\$22,722
– Alarm Registration Fee and Fines	70,500
– County Task Force Program Ended	(114,630)
– OTS Grant	(2,000)

## GF – Police

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➤ <b>Expense – Services &amp; Supplies</b>		<b>\$60,000</b>
– Increased Recruitment Support	\$60,000	
➤ <b>Expense – Personnel</b>		<b>\$157,630</b>
– Crisis Intervention Specialist	\$227,630*	
<b>Net</b>		<b>(\$241,038)</b>

\*This position is proposed to be funded with \$70,000 in Opioid Settlement funds for FY2025-26.

## GF – Public Works

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➤ <b>Revenue</b>		<b>\$194,000</b>
– Traffic Signal Maintenance Fee	(\$275,000)	
– Grading and Other PW Permits	469,000	
➤ <b>Expense – Services &amp; Supplies</b>		<b>\$20,000</b>
– Thermoplastic Machine	\$20,000	
➤ <b>Expense – Personnel<sup>1</sup></b>		<b>(\$25,979)</b>
– Upgrade MAI to Program Manager	\$1,373	
– Upgrade MAI to MAII	(27,352)	
<b>Net</b>		<b>\$148,021</b>

1. Additional adjustments for these positions in Non-GF, additional adjustments to funding source of some PW positions pending.

# GF – IT

➤ Revenue		\$100,000
– Cellular/Antennae Rental Revenue	\$100,000	
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Net		\$100,000



# Non-GF

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➤ <b>Revenue</b>	<b>\$5,759,695</b>
– ECD – General Plan <i>Maintenance Fee</i>	\$2,500,000
– ECD – Commercial <i>Linkage Impact Fee</i>	1,500,000
– ECD – <i>Housing Trust Fund</i>	17,700
– PW – <i>Sewer Operational Revenue</i>	1,741,995

# Non-GF

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➤ <b>Expense – Services &amp; Supplies</b>	<b>\$2,266,500</b>
– Parks & Rec – Sculpture for OP IIC Location ( <i>Art In Lieu</i> )	\$75,000
– PW – Anaerobic Digester ( <i>Sewer</i> )	750,000
– PW – Uniforms ( <i>Sewer, Stormwater, Garage</i> )	81,500
– PW – Essential Tools ( <i>Garage</i> )	45,000
– PW – Power-Washing Contract ( <i>Parking</i> )	75,000
– PW – License Plate Readers ( <i>Parking</i> )	140,000
– PW – Vehicles ( <i>Sewer</i> )	1,100,000

# Non-GF

➤ Expense – Personnel		\$121,352
– Parks & Rec – <i>Cultural Arts Positions</i>	\$20,929	
– Upgrade MAI to Program Manager	50,454	
– Upgrade MAI to MAI	49,969	
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Net		\$3,371,843

## Non-GF – IT

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➤ <b>Expense – Services &amp; Supplies</b>		<b>\$960,434</b>
– IT – Computer Purchase ( <i>Equipment Replacement</i> )	\$100,000	
– IT – EOC Video Wall Update ( <i>PEG Funds</i> )	300,000	
– IT – Software	436,100	
– IT – Phone Service Update	124,334	
➤ <b>Expense – Personnel</b>		<b>\$40,000</b>
– IT – Overtime & Standby Pay	\$40,000	
<b>Net</b>		<b>(\$1,000,434)</b>

# Discussion

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➤ <b>Expense – Services &amp; Supplies</b>		<b>\$435,000</b>
– ECD – BIO Conference	\$100,000	
– ECD – Citywide Holiday Decorations	170,000	
– ECD – Promotores Social Services System Navigators	165,000	
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<b>Net</b>		<b>(\$435,000)</b>

# Discussion

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➤ <b>Expense – Personnel</b>	<b>\$925,000</b>
– PW – Traffic Management & Safety	\$325,000
1 FTE Traffic Engineer	
– PW – Clean SSF	600,000
4 FTE PW Maint. Workers	
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<b>Net</b>	<b>(\$925,000)</b>

# Projected GF Available F/B (As of June 30, 2026)

Available GF Fund Balance (FY 25)	\$29.0
<b>FY 2025-26 Projected Deficit</b>	<b>(12.2)</b>
Available GF Ending Fund Balance (FY 26)	\$16.8

43% Reduction

# Financial Analysis – 5 Year Projection

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Revenues & Expenditures (in thousands)	2025 Mid Year Budget	2025 YE Projected	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Total Revenue	\$152,267	\$151,814	\$140,488	\$143,492	\$146,720	\$149,974
Total Expenditures	159,255	157,565	152,668	161,188	166,354	172,683
Surplus/(Deficit)	\$ (6,988)	\$ (5,751)	\$(12,180)	\$(17,695)	\$(19,634)	\$(22,709)



## **Staff Recommendation**

Use \$12.2M to balance GF budget  
Incorporate feedback from Budget  
Standing committee in preparation for the  
City Council study session on June 11, 2025,

# QUESTIONS?

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