

FY 2025/26 Budget

- ▶ General Fund Reserve
- ▶ City Budget Overview
- ▶ General Fund
- ▶ Measure C
- ▶ Measure Y
- ▶ Other Departments
- ▶ Errata



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What is a General Fund Reserve?

The general fund reserve, or fund balance of the general fund, is a measure of the financial resources available.

- ▶ Mitigate financial risks
- ▶ Provide a back-up for revenue shortfalls
- ▶ Sustain existing levels of service to residents
- ▶ Demonstrates continued prudent fiscal management and creditworthiness

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Risk Analysis: What is our risk?

- ▶ Predictability of revenues and volatility of expenditures (less predictability and more volatility necessitate higher reserve levels) – **HIGH**
- ▶ Perceived exposure to significant one-time outlays (disaster, immediate capital needs and state budget cuts)- **MID to HIGH**
- ▶ Potential drain upon General Fund resources from other funds or availability of resources in other funds (deficits in other funds may require a higher level of unrestricted general fund balance) – **MID**
- ▶ Liquidity (having cash available to cover liabilities)- **LOW**

SCORE RECOMMENDS 26-35% RESERVE

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Reserve Options

	Amounts
FY 25-26 Proposed GF Operating Budget	\$67,612,196
1% Operating Budget	\$676,122
5% Operating Fund	\$3,380,610
GFOA Rec Minimum (approx.16%)	\$11,268,699
20% Operating Budget	\$13,522,439
25% Operating Budget	\$16,903,049
30% Operating Budget	\$20,283,659
35% Operating Budget	\$23,664,269
40% Operating Budget	\$27,044,878

SCORE RECOMMENDS 26-35% RESERVE

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Funding Options

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	20%	25%	30%	35%	40%
Current Set Aside	\$18,364,854	\$18,364,854	\$18,364,854	\$18,364,854	\$18,364,854
25% Set Aside	10,141,829	13,522,439	16,903,049	20,283,659	23,664,269
5% Contingency	<u>3,380,610</u>	<u>3,380,610</u>	<u>3,380,610</u>	<u>3,380,610</u>	<u>3,380,610</u>
Total Reserve	\$13,522,439	\$16,903,049	\$20,283,659	\$23,664,269	\$27,044,878
Amount (short) or over Requirement	\$8,223,025	\$4,842,415	\$1,461,805	(\$1,918,805)	(\$5,299,415)

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Revising General Fund Reserve Policy from 35% to 30% \$20,283,659

5% Contingency
\$3,380,610

25% Set Aside
\$16,903,049

Current Set Aside
Balance \$18,364,854

Overfunded \$1,461,805

Needed to Balance the
General Fund \$494,460

Overfunded Remaining
Amount \$967,345

Proposed General Fund Reserve Policy

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Overview

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Labor Negotiation Increases
included 4%

Maintenance, Supplies, and
Services <0%-2% increase

Maintenance and One-
Time Acquisitions included
in General Fund, Measure Y,
Measure C, and CFD

Parks and Community
Services – Sustainable
Budget an ongoing
challenge

PC and Fleet Replacement
• Not included in the General Fund
• Included in Enterprise Funds and
other Special Revenue Funds

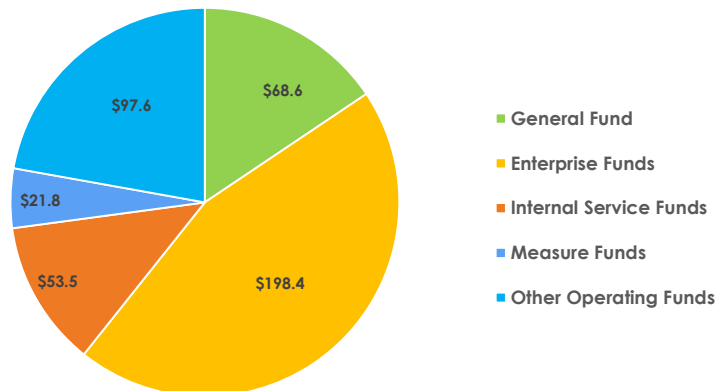
Includes Council Direction
from 6/2/25 Public Hearing

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FY 2025-26 Budget Overview

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Total City Budget \$439.9 million



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Recommended Staffing

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Functional Area	Add	Delete	Total	Unfunded
FY 24-25 Staffing			559	
City Manager		(2)	(2)	(1)
Finance	1		1	
Fire			-	
Police	1	(1)	-	
Development Services	1	(1)	-	
Parks & Community Services			-	
PW-Parks		(1)	(1)	
PW-Facilities	1		1	
Human Resources		(1)	(1)	
Information Technology	2	(2)	-	
Subtotal	6	(8)	(4)	(1)
PW-Streets	1		1	
PW-Enterprise	6	(2)	4	
FY 25-26 Staffing			562	561

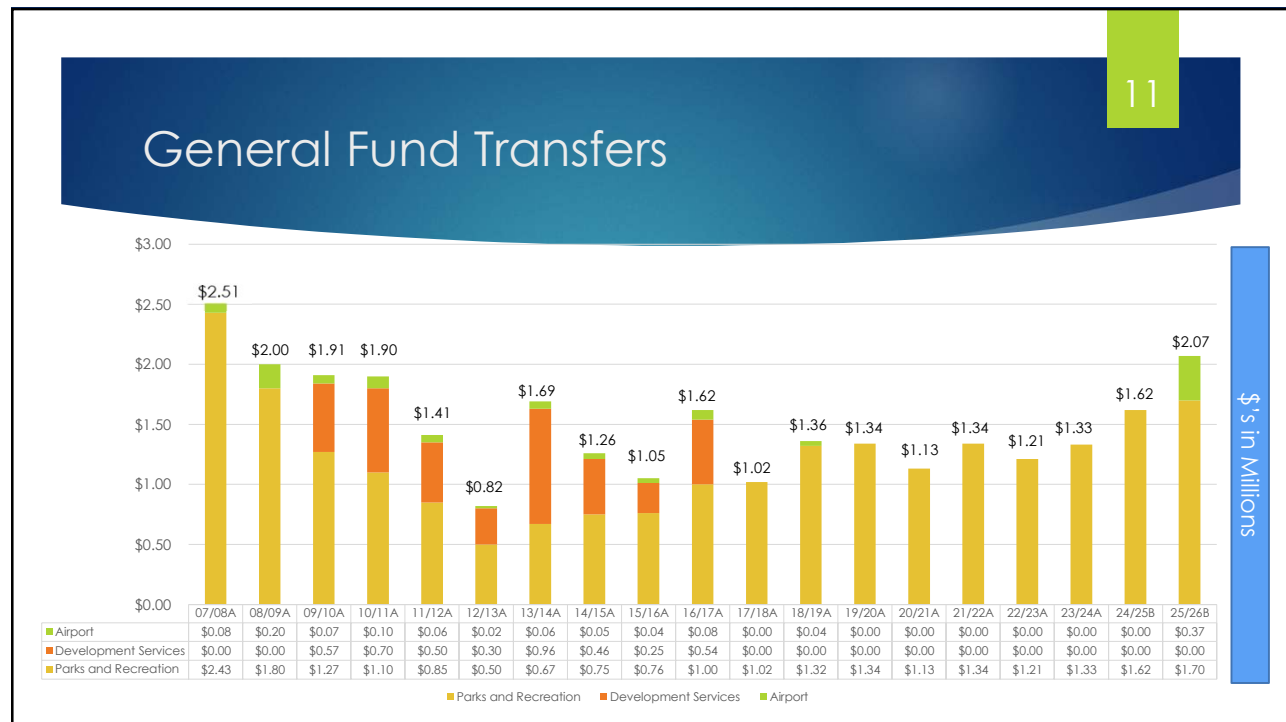
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FY 2025/26 General Fund

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Estimated Beginning Balance – July 1, 2025	\$11,776,222	\$11,776,222	\$0
Budgeted Revenue	\$67,612,196	\$67,117,736	\$494,460
Operating Expenses	\$65,464,947	\$65,464,947	\$0
Operating Transfers	\$2,147,249	\$2,082,164	\$65,085
Total Operating Expenditures	\$67,612,196	\$67,547,111	\$65,085
Revenue over/under Expense	\$0	(\$429,375)	\$429,375
Below the Line (Non-operating)	\$547,313	\$442,313	\$105,000
Future Planning	\$3,375,000	\$5,274,280	(\$1,899,280)
Prior Year Projects	\$476,409	\$476,409	\$0
Recommended Ending Balance – June 30, 2026	\$7,377,500	\$5,153,845	\$2,223,655
Less Committed Funds-5% Contingency Reserve	\$3,380,610	\$3,377,356	\$3,254
Total Available Funds – June 30, 2026	\$3,996,890	\$1,776,489	\$2,220,401

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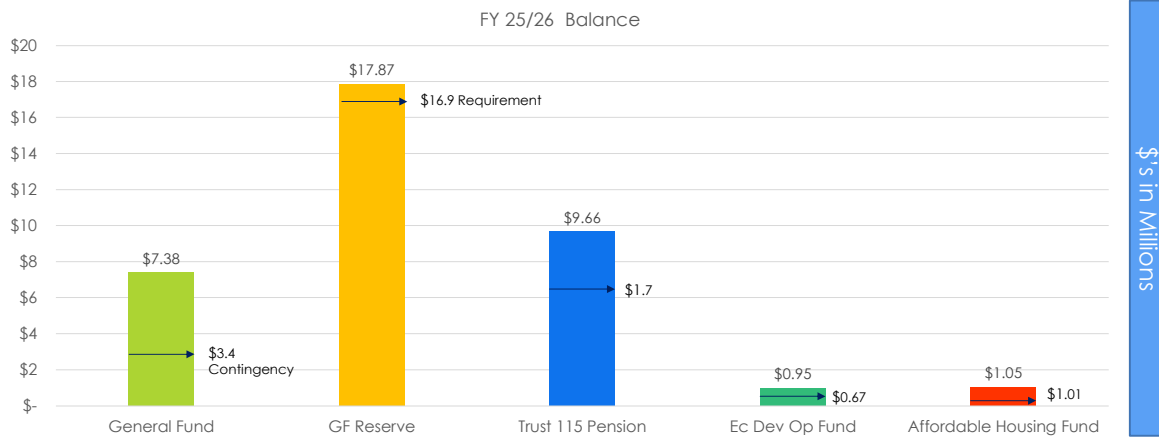
Below the Line Expenses (Non-Operating)

Community Funding	\$ 30,000
Arts Projects	\$ 75,000
Enterprise Resource Planning (ERP) System	\$ 147,352
City Clerk Remodel	\$ 100,000
Community Park 42 Maintenance	\$ 129,961
Civic Center Skylight Replacement	\$ 15,000
Civic Center Exhaust Replacement	<u>\$ 50,000</u>
Subtotal	\$547,313
Economic Development Opportunity Fund	\$ 675,000
Affordable Housing Fund	\$1,012,500
Trust 115-Pension	\$1,687,500
General Fund Reserve – 25% set aside	<u>\$ 0</u>
Total	\$3,922,313

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Set-Aside Balances

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Measure C

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	Fund 2001-Old Measure C	Fund 2030-Public Safety	Fund 2031-Roads	Total
Beginning Balance 7/1/25	\$4,070,539	\$1,090,852	\$445,666	\$5,607,057
Sales and Use Tax	0	8,678,000	457,000	9,135,000
Other Revenue	214,840	104,898	1,070	320,808
Total Budgeted Revenue	214,840	8,782,898	458,070	9,455,808
Transfers	157,652	577	0	158,229
Operating Expenses	986,609	8,412,005	32,102	9,430,716
Acquisitions	200,000	412,933	300,000	912,933
Capital Improvements	1,812,386	0	0	1,812,386
Total Budgeted Expense	3,156,647	8,825,515	332,102	12,314,264
Ending Balance 6/30/26	\$1,128,732	\$1,048,235	\$571,634	\$2,748,601

*Meets GFOA Recommended Minimum \$1,579,572

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Measure Y

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	Police-20%	Fire-20%	Parks & Rec-20%	Discretionary-40%	Total
Beginning Balance 7/1/25	\$140,496	\$449,693	\$66,890	\$0	\$657,079
Estimated Tax Revenue	337,300	337,300	337,300	674,600	1,686,500
Estimated Other Revenue	6,510	16,220	440	12,950	36,120
Estimated Transfers-In			311,155	(311,155)	0
Estimated Transfers-Out			385,646	337,300	722,946
Estimated Expenses	440,844	698,067	310,972	0	1,449,883
Ending Balance 6/30/26	\$43,462	\$105,146	\$19,167	\$39,095	\$206,870

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Parks & Community Services

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► Balancing the Operating Budget

- Measure Y 20% Parks and Recreation \$337,300
- Measure Y 50% of 40% Discretionary \$337,300
- General Fund Transfer
 - \$87,735 5.4% annual increase
 - \$1,707,088 Total GF Transfer
- New CP42 Maintenance \$83,440
 - Extra Help \$15,840
 - Utilities \$47,000
 - Paint, tools, etc. \$9,600
 - Turf Tank \$11,000

► Program Impacts

- Boys & Girls Club Lease-reduce \$25k
- Other Community Center leases-reduce \$5k
- Delete Full Time Zookeeper (added back per Council direction)
- Eliminated Summer Camp
- Eliminated Stick to Fitness Sports Clinics
- Eliminated Block Party Trailer for Community Reservations
- MCSD Contributions for Youth Sports \$80k

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Parks & CS

- ▶ Public Facilities Financing Plan (impact fees)
 - ▶ Community Park 42 \$200k
 - ▶ Fence and Water Infrastructure
 - ▶ Move Parks and Community Service Administration to Senior Center \$114k
 - ▶ \$28K (24.6%) PFFP
 - ▶ \$86k CY Operating Savings

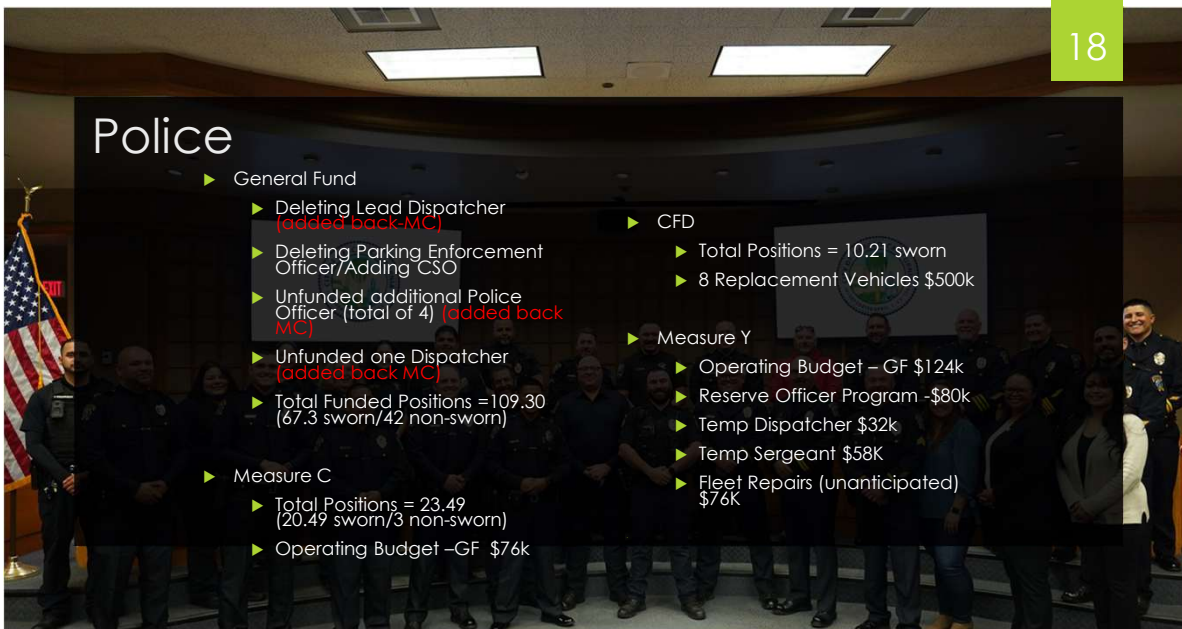


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Police

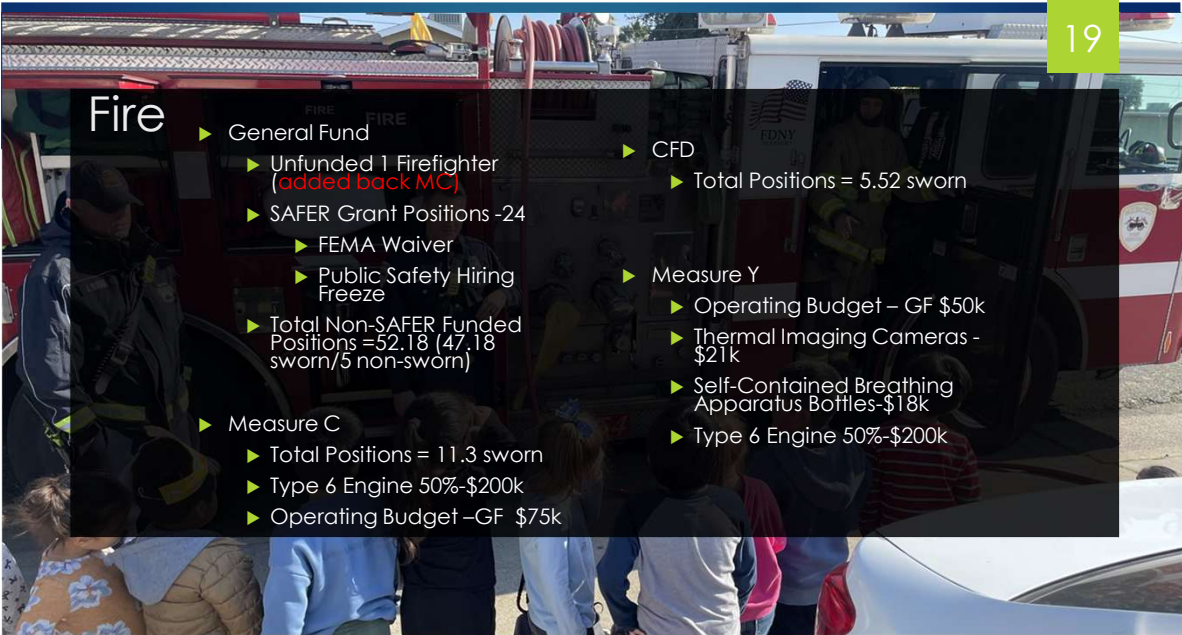
- ▶ General Fund
 - ▶ Deleting Lead Dispatcher (added back-MC)
 - ▶ Deleting Parking Enforcement Officer/Adding CSO
 - ▶ Unfunded additional Police Officer (total of 4) (added back MC)
 - ▶ Unfunded one Dispatcher (added back MC)
 - ▶ Total Funded Positions = 109.30 (67.3 sworn/42 non-sworn)
- ▶ Measure C
 - ▶ Total Positions = 23.49 (20.49 sworn/3 non-sworn)
 - ▶ Operating Budget -GF \$76k
- ▶ CFD
 - ▶ Total Positions = 10.21 sworn
 - ▶ 8 Replacement Vehicles \$500k
- ▶ Measure Y
 - ▶ Operating Budget - GF \$124k
 - ▶ Reserve Officer Program - \$80k
 - ▶ Temp Dispatcher \$32k
 - ▶ Temp Sergeant \$58K
 - ▶ Fleet Repairs (unanticipated) \$76k



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Fire

- ▶ General Fund
 - ▶ Unfunded 1 Firefighter (added back MC)
 - ▶ SAFER Grant Positions -24
 - ▶ FEMA Waiver
 - ▶ Public Safety Hiring Freeze
 - ▶ Total Non-SAFER Funded Positions = 52.18 (47.18 sworn/5 non-sworn)
- ▶ Measure C
 - ▶ Total Positions = 11.3 sworn
 - ▶ Type 6 Engine 50%-\$200k
 - ▶ Operating Budget -GF \$75k
- ▶ CFD
 - ▶ Total Positions = 5.52 sworn
- ▶ Measure Y
 - ▶ Operating Budget - GF \$50k
 - ▶ Thermal Imaging Cameras - \$21k
 - ▶ Self-Contained Breathing Apparatus Bottles-\$18k
 - ▶ Type 6 Engine 50%-\$200k

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Administration

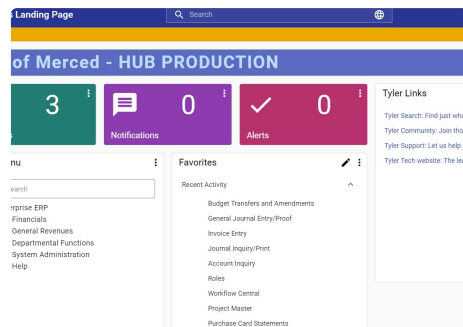


- ▶ City Manager
 - ▶ Unfund 2 (.5) Peer Support Specialists
 - ▶ Delete 2 Peer Support Specialist
 - ▶ Recreation Coordinator (Prop64)
 - ▶ CalVIP Grant Expires 06/30/25
- ▶ City Clerk
 - ▶ City Clerk Safety Improvements \$100k
- ▶ Finance
 - ▶ Add Assistant Buyer
 - ▶ 80% Admin Cost Recovery
 - ▶ Reduce Extra Help
 - ▶ Net \$6,000 additional GF costs

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Administration



- ▶ Human Resources
 - ▶ Delete HR Technician-vacant
- ▶ Info Technology
 - ▶ Delete GIS Coordinator/Add IT Manager
 - ▶ Net increase \$9,000
 - ▶ Delete GIS Technician/Add Systems Technician I/II/III
 - ▶ No cost difference
 - ▶ Data Center Floor Replacement \$135k
 - ▶ Microsoft Software Licenses \$461k (15% increase)
 - ▶ ERP Allocation \$272k
 - ▶ GF Allocation \$147k
- ▶ Other
 - ▶ \$1 million RDA Residual revenue
 - ▶ No allocation of Community Funding
 - ▶ No allocation for Arts Projects

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Development Services/Housing

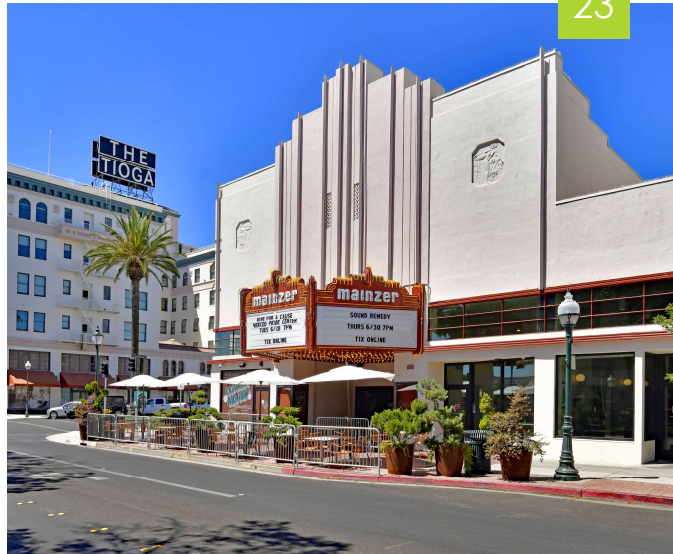
- ▶ Remove Deputy Development Services Director for Planning Manager
- ▶ Use of Fund Balance \$1.3 million
 - ▶ Fee Study in progress
- ▶ Housing Deficit
 - ▶ Current Year FY 24/25 (\$292,000)
 - ▶ Revise Affordable Housing Policy
- ▶ Federal Budget Proposed Cuts
 - ▶ CDBG \$1-\$2.6M
 - ▶ HOME \$447k-\$2.8M



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Downtown/Economic Dev/Airport

- ▶ Property Based Improvement District (PBID)
- ▶ Tourism Based Improvement District (TBID)
- ▶ Small Business Grant
- ▶ Airport Deficit
 - ▶ FAA-Cares Act Grant Expired
 - ▶ Landing Fees increase \$60k
 - ▶ GF Transfer \$367k
 - ▶ Other Opportunities to increase revenue



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Public Works-Staffing



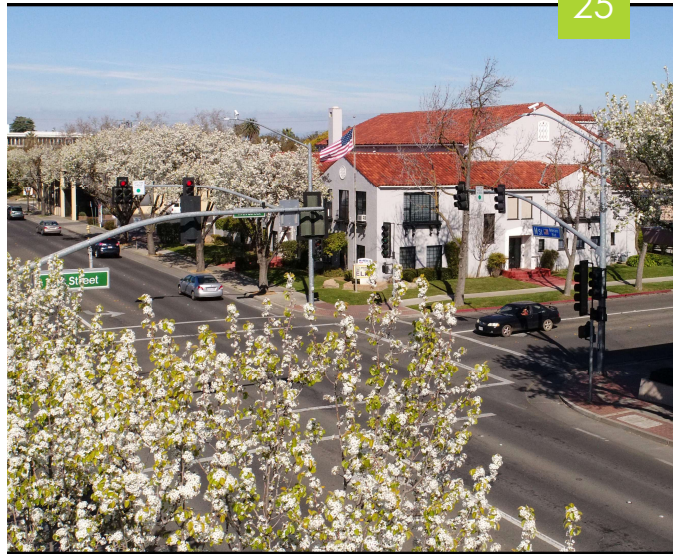
- ▶ Delete 1 Park Worker
- ▶ Add 2 Maintenance Worker I/II-Streets and Refuse
- ▶ Delete Sewer/Storm Drain Worker and add Lead-Sewer/Storm Drain
- ▶ Delete Instrumentation Control/Electrician Tech and add Lead-WWTP Maintenance
- ▶ Add 1 Lead Instrumentation Control/Electrician Tech (water)
- ▶ Add 1 Water Distribution Quality Assurance Tech
- ▶ Add 1 Tree Trimmer
- ▶ Add 1 Custodian I/II

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Public Works

- ▶ Admin & Corp Yard Building Repairs \$166k
- ▶ Fleet Building Improvements \$80k
- ▶ Civic Center Skylight Replacement \$15k
- ▶ Civic Center Exhaust Replacement \$50k



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Public Works

- ▶ Road Grinder \$300k (M.C.)
- ▶ Vehicle Acquisitions
 - ▶ Streets-1 Truck \$75k
 - ▶ Facilities-1 Van \$43k
 - ▶ Water-3 Trucks \$270k
 - ▶ Refuse-1 Rear Loader for Organics \$225k



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PW Parks-Measure Y Discretionary

- ▶ Tree Trimming \$100,000
- ▶ Bike Path Maintenance \$60,000
- ▶ Park Improvements
 - ▶ Park Maintenance \$50,000
 - ▶ Zoo Roof Repair \$6,000
 - ▶ Joe Herb Upper \$25,000
 - ▶ Park Restroom partitions, security latches, and handle replacements city-wide \$69,000



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Capital Projects



- ▶ Streets
 - ▶ Replace School Flashing Beacons-add \$120k
 - ▶ APS Polara-Push Buttons @ Schools-add \$100k
 - ▶ Controllers 2070 Replacement-add \$48k
 - ▶ Downtown Concrete Light Poles-new \$40k
- ▶ Engineering
 - ▶ McKee Road Rehabilitation \$1.2 million

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Errata List

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Description	Net Amount
Add Community Funding	\$30,000
Add Arts Projects	\$75,000
Add back unfunded Zookeeper	\$65,085
General Fund Reserve-5% Contingency increases based on increasing operating expenses	\$3,254
Reduce General Fund Reserve to 30%-25% Set Aside decreases	(\$1,899,280)
Add Transfer from General Fund Reserve to General Fund to cover the deficit.	\$494,460
Add back unfunded Firefighter to Measure C	\$143,140
Add back 4 unfunded Police Officers to Measure C	\$623,488
Add back 1 unfunded Dispatcher and 1 deleted Lead Dispatcher	\$219,981
Revise CDBG HUD Allocation	\$32,846
Revise HOME HUD Allocation	(\$3,053)
Net decrease in several Maintenance District operating expenses to align with Public Hearing report.	(\$443)

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Next Steps

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Re-open the Public Hearing

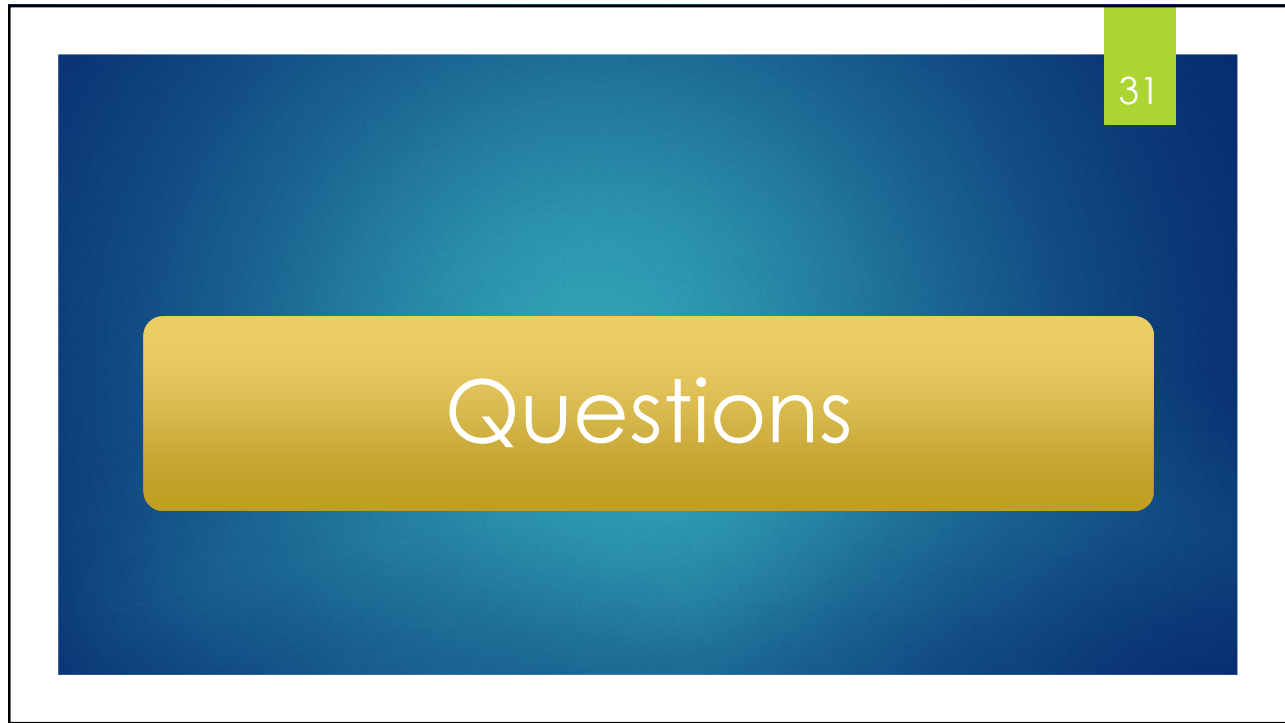


Take Public Comment



Adopt a Motion Approving the FY 2025/26 Budget

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