



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: JANUARY 28, 2025**  
**FROM: FINANCE DEPARTMENT**      **WARDS: ALL**  
**SUBJECT: FISCAL YEAR 2024/25 FIRST QUARTER FINANCIAL REPORT; \$7,482,207  
SUPPLEMENTAL APPROPRIATIONS; \$578,544 INTERFUND TRANSFERS**

## **ISSUE:**

Receive and provide input on the Fiscal Year 2024/25 First Quarter Financial Report; approve proposed supplemental appropriations (\$7,482,207) and interfund transfers (\$578,544) for all City funds.

## **RECOMMENDATIONS:**

That the City Council:

1. Receive and provide input on the Fiscal Year 2024/25 First Quarter financial update; and
2. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record:
  - a. An increase in revenue and corresponding supplemental appropriation in the CFD Kunny Ranch Fund, in the amount of \$179,975 to fund the first interest payment on Special Tax Bonds, Series 2024;
  - b. An increase in revenue and corresponding supplemental appropriation in the CFD Bridle Ridge Fund in the amount of \$30,000 for administrative costs related to the establishment of the new community facilities district;
  - c. An increase in revenue and corresponding supplemental appropriation in the Special Transit Fund in the amount of \$6,717,815 for the purposes of adjusting the program revenue and expenditures to align with the Short-Range Transit Plan;
  - d. An interfund transfer and corresponding supplemental appropriation of American Rescue Plan Act interest earnings from the Grants and Restricted Programs Fund to the General Fund in the amount of \$250,000 to fund legal services previously approved by Council to be funded from the interest revenue;
  - e. An interfund transfer and supplemental appropriation from General Fund Infrastructure Reserves to the Capital Outlay Fund, Miscellaneous Storm Drain

Construction project in the amount of \$490,000 to fund emergency repairs to a stormwater facility on Iowa Avenue;

- f. An interdepartmental transfer of one Senior Project Manager position and related budget in the amount of \$88,543.81, along with all program and administrative budgets, in amounts to be determined, associated with the position, from the General Fund, Community and Economic Development Department to the City Manager's Office, Office of Sustainability;
- g. A supplemental appropriation in the Parking Fund in the amount of \$280,000 to fund the initial repayment of the 2023 General Fund Interfund Loan;
- h. A supplemental appropriation in the Grants and Restricted Programs Fund, Police Asset Forfeiture Inland Crackdown Allied Taskforce in the amount of \$24,416.95 to record the FY 2023/24 carryover of unexpended funds;

## **BACKGROUND:**

On June 25, 2024, the City Council adopted Resolution No. 24131 approving the Fiscal Year (FY) 2024-2026 Biennial Budget.

## **DISCUSSION:**

Throughout the fiscal year, City departments and the Budget Office monitor and analyze all City funds for potential issues that require attention and mitigating action. For the first quarter report, City departments analyzed the financial status for all funds and appropriations under their purview. The results of the City's major funds, as well as areas of concern in other funds (if any), are included in this report. This update spans the period of July 2024 through September 2024.

### **General Fund**

First quarter analysis reveals potential challenges for the General Fund in FY 2024/25, which include, but are not limited to, the impact of the Water General Fund transfer litigation, recent labor negotiation MOU impacts, other unanticipated costs, and the prospect of a potential economic slowdown. Personnel costs are trending higher than anticipated, due to increased recruitment success. Development of the FY 2024/25 budget incorporated an anticipated slight economic downturn in the first half of the fiscal year, which is reflected in first-quarter revenue performance. Revenue recovery was projected for the second half of the fiscal year; however, fiscal conservation is recommended while awaiting further economic trends.

Uncertainty at the federal level, including proposed tariffs and immigration policies, may present additional challenges. The implementation and potential impact of these policies on the local economy remains unclear. Staff will continue to monitor these developments and provide updates in future quarterly reports.

**Adopted Budget:** The adopted FY 2024/25 budget for the General Fund totaled \$361.2 million with a balanced budget. As of the first quarter review of the budget, no significant trends have emerged that would necessitate major changes to the adopted budget at this early point in the fiscal year. However, certain areas reflect increased expenditures and/or decreased revenues,

which are being closely monitored for potential budget overages. Updates on these areas will be provided in the second-quarter review.

**Revenues:** Fiscal Year 2023/24 year-end reflected a slowing of revenue in the General Fund, particularly in sales tax. Through the first quarter of FY 2024/25, revenue is generally tracking with budgeted expectations. Sales and property taxes, the two largest General Fund revenue sources, remain largely in line with projections. Despite signs of economic softening, overall revenue performance shows no significant deviations from the adopted budget.

- **Property Taxes** – Over the past decade, the City of Riverside has experienced substantial growth in assessed property values. This growth is expected to slow due to higher interest rates over the past 18 months, which have reduced activity within the property tax reassessment arena. The City's property tax consultant, HdL, projects that current real and secured property tax revenue will align with the adopted budget.
- **Sales Tax** – The first quarter review of sales tax receipts shows a slight softening of this revenue, although it remains largely in-line with budgeted targets. Signs of softening consumer and business spending are emerging but are within expected ranges. Updated FY 2024/25 revenue projections from the City's sales tax consultant, HdL, indicate that sales tax revenue is expected to remain flat compared to the prior year.
- **Other Revenues** –
  - The FY 24/25 adopted budget projected \$500,000 in Cannabis Business Tax revenue. However, with no businesses currently open, future revenues are uncertain and depend on final approval and opening of businesses. No revenue adjustments are recommended at this time; staff will report on the progress and status of this new revenue stream in subsequent reports.
  - The City projected \$2.4 million of revenue in FY 2024/25 from the sale of surplus police capital assets. However, this revenue was received and recorded in late FY 2023/24, presenting a revenue shortfall in the current year. Revenue projections will be reduced to reflect this development.
  - Various revenue sources are trending lower when compared to prior year's first quarter performance including, but not limited to, business tax and building permits. This appears to be primarily due to timing differences in the recognition of these revenues. Fines and Forfeitures revenue appears to be trending higher, primarily due to an increase in administrative civil penalties.

**Expenditures:** As of the first quarter, overall expenditures are generally trending in line with the same period of the prior fiscal year. However, it's important to note that some expenditures cannot be directly compared quarter-over-quarter between fiscal years. For example, professional service expenditures in the non-personnel category may vary due to services being contracted on an 'as-needed' basis or the timing of project implementations.

The personnel expenditure budget includes a 6% vacancy savings factor within a non-departmental fund account, freeing up funds for allocation to City priorities. However, all positions are fully budgeted within their respective departments, demonstrating the City's commitment to filling these positions. At the close of the first quarter, the General Fund reflected a vacancy rate of 9.9%, which decreased to 8.2% by December 2024. It's important to note that vacancy rates, in terms of full-time equivalents (FTEs), do not directly equate to dollar savings. Actual savings will depend on the salary and benefit costs of vacant positions. Overtime costs are trending higher compared to the first quarter of last year, both in terms of dollars and as a percentage of budget,

primarily in Police and Fire. At this point in the fiscal year, no adjustments to the personnel budget are recommended. Staff will continue to monitor personnel costs, providing updates in future quarterly reports.

During the first quarter of FY 2024/25, the City Council approved the following supplemental appropriations totaling \$1.66 million in the General Fund:

- Simpson v. City of Riverside Lawsuit Legal Fees (\$40,000) – Increase to the legal budget to cover additional expenses related to extensive discovery, a hearing on liability, and an upcoming hearing on damages, beyond the scope of the initial approved budget.
- Riverside Firefighters' Association MOU Adjustments (\$297,000) – Increase to Fire to support higher personnel costs associated with the revised Memorandum of Understanding with the Riverside Firefighters' Association.
- Local Affordable Housing Trust (\$25,773) – Transfer to the Local Affordable Housing Trust associated with a policy to provide fifty percent of the sale proceeds from city owned properties purchased with General Fund resources to support affordable housing projects.
- Rental Assistance Program for Seniors (\$900,000) – Allocation of American Rescue Plan Act (ARPA) interest income to support rental assistance for seniors.
- Park and Recreation Agencies Accreditation (\$150,000) - Allocation of ARPA interest income to fund a consultant to complete a Parks Commission for Accreditation of Park and Recreation Agencies accreditation strategy.
- Legal Costs (\$250,000) – Allocation of ARPA interest income to add Redwood Public Law to the City's panel of authorized attorneys to work on public/private partnership projects.

During the first quarter of FY 2024/25, the City Council approved changes totaling a net gain of \$6.53 million from the General Fund Infrastructure Reserve:

- Museum Expansion and Renovation Project (\$10 million) – Funding was returned to the General Fund Infrastructure Reserve following Council approval of debt financing for the project.
- Solid Waste (Refuse) Fund Loan (\$2.87 million) – An interfund loan was provided to the Solid Waste Fund for the purchase of solid waste collection vehicles.
- Bordwell Park Gymnasium Project (\$600,000) – An allocation to cover a funding shortfall for the construction award and associated costs, including plan check, permits, inspections, and administration.

**Summary:** Although the City's finances as of the first quarter are generally in line with estimates presented during budget adoption in June 2024, potential challenges remain that could significantly impact the City's financial outlook and create additional cost pressures. These challenges include ongoing labor negotiations with various bargaining units, litigation associated with the Water General Fund Transfer (GFT), other unanticipated costs, and risk of underperforming revenues. Additionally, the continued slowing of the economy and changes in the Federal administration introduce uncertainty regarding future impacts on the economy and business sectors that are important to the City's revenue streams. Given these uncertainties, City staff advises caution on any additional unallocated spending and will continue to monitor the

performance of the City's revenues and expenditures, providing recommendations for potential budget modifications in the second quarter report.

### Measure Z

The FY 2024/25 Measure Z budget was adopted in June 2024 with approximately \$32.15 million in projected fund balance, which includes a budgeted net drawdown of \$19.8 million per the adopted spending plan. Separately, \$5.00 million is held in contingency reserves per the adopted Measure Z Reserve Policy to ensure sufficient funding for ongoing costs in the event of under-performing revenues.

As of the first quarter, Measure Z is projected to end FY 2024/25 with \$37.89 million in fund reserves, resulting from a net drawdown of \$67.82 million, which includes encumbrances and carryovers from prior years and supplemental appropriations. Fund balance is anticipated to be drawn down to \$6.93 million in FY 2027/28, based on the spending plan allocations presented with the adoption of the FY 2024/25 adopted budget.

**Revenues:** Fiscal Year 2023/24 unaudited financial results showed final realized revenue of \$84.20 million in revenue, slightly below the adjusted projected revenues of \$84.46 million. However, the actions taken by the Federal Reserve to curb inflation have led to a decline in consumer spending. Although this resulted in a 2.3% decrease in Measure Z's transaction and use tax compared to the first quarter of the previous year, HdL projects a 0.6% increase in FY 2024/25 Measure Z tax revenue compared to the adopted budget.

**Expenditures:** The total budget presented in the Measure Z Spending includes carryovers of \$47.20 million, comprised of encumbrances of \$27.38 million, capital carryovers of \$13.43 million, and \$6.39 million of approved discretionary carryovers. Measure Z funds include many projects and one-time expenditures, causing expenditures to appear to be trending behind budget. However, spending is progressing as planned and within appropriation limits.

During the first quarter of FY 2024/25, the City Council approved supplemental appropriations totaling \$214,000 in Measure Z including:

- Real Time Crime Center (\$200,000) – Allocation to implement a Real-Time Crime Center in the Police Department.
- Riverside Firefighters' Association MOU Adjustments (\$14,000) – Increase to support higher personnel costs associated with the revised Memorandum of Understanding with the Riverside Firefighters' Association.

The Measure Z Spending Plan was also updated to include the projected debt obligations for the full financing of the Museum renovation. Council approval for the actual appropriation will be requested upon issuance of the debt.

### Electric Fund

The FY 2024/25 adopted budget for the Electric Fund projects a \$9.3 million net gain, excluding bond proceeds and capital project allocations. The total budget as of the first quarter also includes \$19.75 million in prior fiscal year encumbrances and carryovers.

**Revenues:** As of the end of the first quarter, electric revenues stand at 30.77% of budgeted projections and are expected to exceed budgeted amounts, primarily due to increased retail and transmission revenue. With the summer season at the beginning of the fiscal year, projected retail

sales were expected to be at 29.2% of total budget through September 2024. Actual retail sales are at 31.2% of total budget through September 2024, which is 2.0% higher than expected, driven by increased electric consumption attributed to warmer temperatures during the first quarter. Transmission revenues are at 49.35% of budget through September 2024 and are projected to perform better than anticipated for the remainder of FY 2024/25. Due to the early timing of this report relative to revenue performance, no adjustments to the budget are recommended at this time, but revenue will continue to be monitored throughout the fiscal year.

**Expenditures:** Electric expenditures are 21.13% of the total budget at the end of the first quarter. The Electric Fund had 73.00 FTE vacancies at the end of the first quarter, representing a vacancy rate of 15.4%. Personnel savings are anticipated from normal attrition due to retirements and resignations, as well as the timing of filling positions. Within the non-personnel budget, overall costs are in line with the adopted budget.

### Water Fund

The FY 2024/25 adopted budget for the Water Fund projected a \$3 million net gain before capital expenditures. A net draw on fund reserves of approximately \$5.63 million is projected when including budgeted bond proceeds and capital expenditures. This drawdown in reserves is a strategy employed to fund various infrastructure projects that support the continuation of quality services to the citizens of Riverside while keeping rates low. The total budget as of the first quarter also includes \$7.08 million in prior fiscal year encumbrances and carryovers.

**Revenues:** At the end of the first quarter, total revenues for the Water Fund are 29.42% of budgeted projections. With the summer season at the beginning of the fiscal year, projected retail sales were expected to be 30.1% of the total budget through September 2024. Actual retail sales are 31.7% of the total budget through September 2024, which is 1.6% higher than expected. Water Wholesale and Conveyance Revenue is projected to fall short of expectations due to reduced demand from other utilities. Many factors can impact the revenues, but due to the early timing of these observations, staff will continue to monitor the trends and provide updates to Council in subsequent reports.

**Expenditures:** At the end of the first quarter, Water Fund expenditures stand at 11.97% of the budget. As of the same period, the Water Fund had 16.00 FTE vacancies, representing a vacancy rate of 9.7%. Personnel savings are anticipated from normal attrition due to retirements and resignations, as well as the timing of filling positions. Non-personnel expenditures are trending 11.2% lower than last year's level of expenditures; however, it is important to note some expenditures vary in their timing throughout the fiscal year. Overall, water expenditures are projected to remain within the budgeted appropriation limit at fiscal year-end.

### Refuse (Solid Waste) Fund

The FY 2024/25 adopted budget for the Refuse Fund projects a net loss of approximately \$3.1 million due to a decline of recycling revenues precipitated by a reduction in industry demand, rising recycling costs, increased tonnage, and newly implemented state mandates. The total budget as of the first quarter also includes \$10.3 million in prior fiscal year encumbrances and carryovers. Of this amount, \$9.5 million is associated with pending vehicle purchases that is funded by revenue that was recognized in FY 2022/23. Further, on September 17, 2024, the City Council approved a \$2.87 million loan from the General Fund Infrastructure Reserves to the Solid

Waste Fund to purchase additional solid waste collection vehicles that is expected to be repaid by 2028.

The Refuse Fund began the fiscal year with fund reserves of \$6 million. As of the first quarter, the reserve balance is expected to be sufficient to accommodate the current fiscal year deficit. Although the total budget appears to reflect a \$14.1 million loss, this is primarily due to the carryover and timing of when the revenue associated with vehicle purchases was recognized.

On September 19, 2023, the City Council adopted a resolution approving and establishing the residential solid waste rate structure from November 1, 2023, through June 30, 2028. The five-year residential solid waste rate plan will address the challenges to solid waste services provided by the City. The Refuse Fund's five-year financial plan projects a draw on reserves of \$3.5 million over the first two years of the plan before generating a net gain in FY 2026/27.

**Revenues:** At the end of the first quarter, total revenues for the Refuse Fund are 24.76% of budgeted projections. First-quarter analysis indicates that Refuse revenues are on track to meet expectations and align with budgeted projections for the fiscal year.

**Expenditures:** Expenditures are 13.03% of total budget at first quarter end. During this period, the Refuse Fund continued to experience staffing shortages with 19.00 FTE vacancies, constituting a vacancy rate of 28.4%. Due to ongoing staffing shortages, overtime costs are anticipated to rise but will be offset by personnel savings. Additionally, the City issued an emergency order in September 2024 to engage private haulers to assist with missed trash pickups. This will create a short-term increase in outside service costs but will contribute to future overtime reductions. New trash vehicles are expected to begin delivery in the second quarter which should further reduce overtime costs.

### Sewer Fund

The FY 2024/25 adopted budget projects a net gain of \$9.4 million excluding capital expenditures but anticipates a total draw on fund reserves of approximately \$0.51 million when including capital expenditures. The total budget as of the first quarter also includes \$2.5 million in prior fiscal year encumbrances and carryovers.

**Revenues:** First quarter analysis indicates that the Sewer Fund may slightly underperform in revenue due to a decline in the new Sewer Connection Fee category, which is linked to decreased development in the City. However, other categories within the Sewer Fund are expected to slightly outperform projections. Staff will continue to monitor the connection fees and assess their impact on overall revenue projections for the remainder of the fiscal year.

**Expenditures:** Expenditures are 17.28% of the total budget at the end of the first quarter. During this period, the Sewer Fund had 25.00 FTE vacancies, constituting a vacancy rate of 20.7%. Vacancies and the related impact to the overtime budget are expected to exert upward pressure on expenditures for the remainder of the fiscal year. However, current overtime projections remain within budgeted forecasts, and no adjustments are anticipated at this time.

### Public Parking Fund

The FY 2024/25 adopted budget for the Public Parking Fund projects a net gain of \$1 million excluding capital expenditures but anticipates a total draw on fund reserves of approximately \$0.55 million when including capital expenditures. The total budget as of the first quarter also includes \$212,000 in prior fiscal year encumbrances and carryovers. Parking revenue projections

included in the adopted budget incorporated the new parking rates that were adopted by City Council in April 2023.

The Public Parking Fund began the fiscal year with fund reserves of \$5.88 million net of prior year encumbrances. As of the first quarter, the reserve balance is expected to be sufficient to accommodate the projected fiscal year deficit.

**Revenues:** Overall revenues for the Parking Fund are performing in line with projections. The positive performance for the fund is expected to continue throughout the fiscal year, primarily due to the implementation of the Parking Your Way program. This program includes more accessible free parking, new parking rates, expanded hours of operation, new monthly parking programs, the rollout of the Park Riverside app, and the installation of Parking Access Revenue Control Systems (PARCS) in the garages. The PARCS is assisting the fund to capture additional revenue that had not been realized prior to system roll out. Current revenue projections are not expected to change and will continue to be monitored throughout the fiscal year.

**Expenditures:** Expenditures are 5.76% of the total budget at the end of the first quarter. During this period, the Public Parking Fund continued to experience staffing shortages with 4.00 FTE vacancies, constituting a vacancy rate of 17.4%. These shortages, coupled with extended hours of operation, have necessitated the need for overtime, but expenditures remain within budgeted projections.

### Budget Adjustments

Throughout the fiscal year, staff assesses the need for adjustments to the adopted budget. The following budget adjustments are recommended for Council approval; funds are available in the respective funds to accommodate the recommendations.

1. **Community Facilities District (CFD) 2013-1 Kunny Ranch Fund – Finance (\$179,975):** Record a supplemental appropriation in the CFD 2013-1 Kunny Ranch Fund expenditure account 2390310-482000 in the amount of \$179,975 and a corresponding increase in revenue account 2390310-361655, to fund the first interest payment on the Special Tax Bonds, Series 2024 (Tax Exempt).
2. **CFD 2021-3 Bridle Ridge Fund – Finance (\$30,000):** Record a supplemental appropriation in the CFD 2021-3 Bridle Ridge Fund expenditure account 2390340-447010 in the amount of \$30,000, and a corresponding increase in revenue account 2390340-361655 for administration costs associated with the new CFD.
3. **Special Transit Fund (\$6,717,815):** Record a supplemental appropriation of \$6,717,815 and an increase in estimated revenues in the amount of \$7,317,815 in the Special Transit Fund to align the budget with the Short-Range Transit Plan, which was previously approved by City Council on August 6, 2024.
4. **Grants & Restricted Programs Fund (\$250,000):** Record an interfund transfer and supplemental appropriation of \$250,000 from the Grants & Restricted Programs Fund, ARPA Interest account 8800001-990101, to the General Fund, Non-Departmental Finance Fund Transfers account 7223600-985215, to fund outside legal services approved by City Council on August 20, 2024. The supplemental appropriation in the General Fund was approved at that meeting, but the interfund transfer and related supplemental appropriation in the Grants & Restricted Programs Fund were not included.
5. **General Fund Infrastructure Reserves (\$490,000):** Record an interfund transfer and supplemental appropriation of \$490,000 from the General Fund's Infrastructure Reserves, Non-Departmental Finance Transfers account 7223600-990401, to the Capital Outlay



Fund, Miscellaneous Storm Drain Construction capital improvement project account 9700140-440301 and related Transfer In account 9700140-985101 to fund emergency repairs to a stormwater facility on Iowa Avenue. The facility failed during the wet winter of early 2024, following Tropical Storm Hilary, posing risks to life and property. Repairs were completed, but FEMA denied reimbursement as Riverside County did not meet eligibility thresholds. This request ensures the project is funded without reducing other vital infrastructure programs.

6. **Office of Sustainability – Interdepartmental Transfer of 1.0 FTE and related budgets:** Record an interdepartmental transfer of 1.0 full-time equivalent (FTE) Senior Project Manager in the amount of \$88,543.81 and unexpended budgeted amounts associated with programs and projects under the FTE's purview from the Community & Economic Development Department to the City Manager's Office, Office of Sustainability. The specific programs and projects are yet to be identified and quantified for transfer; however, with this report, staff is requesting the authority to transfer those budgets following their identification.
7. **Public Parking Fund – Public Works (\$280,000):** An interfund loan, approved by the City Council on April 18, 2023, was designated for critical maintenance projects, the implementation of a Parking Access Revenue Control System (PARCS), and the installation of energy-efficient LED lighting. This supplemental appropriation will record the interfund loan payment due in FY 2024/25: Record a supplemental appropriation in the Public Parking Fund expenditure accounts 4150000-481000 & 4150000-482000 in the amounts of \$200,000 and \$80,000 respectively, and an \$80,000 increase in the General Fund Other Interest revenue account 0000101-371300 to fund the first installment of the \$2 million interfund loan repayment.
8. **Grants & Restricted Programs Fund (\$24,416.95):** Record a supplemental appropriation in the Grants & Restricted Programs Fund, Police Asset Forfeiture Inland Crackdown Allied Taskforce expenditure accounts 3145601-42XXXX (various non-personnel accounts) in the amount of \$24,416.95. These funds were inadvertently excluded from the FY 2023/24 fiscal year-end carryover process.

## **STRATEGIC PLAN ALIGNMENT:**

The reporting and presentation of financial results aligns with **Strategic Priority 5 – High Performing Government and Goal 5.3 – Enhance communication and collaboration with community members to improve transparency, build public trust and encourage shared decision-making.**

Financial reporting aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** – Presentation of financial results provides a transparent view and communication of City finances in a forum that accommodates community engagement and the involvement of the Budget Engagement Commission.
2. **Equity** – The financial report is available to all members of the public via the City website, and the presentation of the financial report in a public forum accommodates community engagement from all members of the public.
3. **Fiscal Responsibility** – The financial report and proposed recommendations demonstrate the City's commitment to responsible management of the City's financial resources.

4. **Innovation** – The proposed recommendations demonstrate innovative monitoring and management of City finances.
5. **Sustainability & Resiliency** – The financial reports, methodologies, and strategies implemented by staff demonstrate the City's commitment to the long-term fiscal health of the City and sustainable provision of City services.

### **FISCAL IMPACT:**

As of the first quarter, the General Fund faces potential challenges due to costs and pressure associated with litigation from the Water GFT, recent labor negotiation MOU impacts, potential unanticipated costs, and the prospect of a potential economic slowdown. Although the first quarter picture of the City's finances largely aligns with estimates presented during budget adoption in June 2024, these challenges have the potential to significantly impact the City's financial outlook. Given these uncertainties, City staff advises caution regarding any additional unallocated spending. Staff will continue to monitor the performance of the City's revenues and provide input and recommendations on potential modifications to the budget in the second quarter report.

The Measure Z Fund projected revenues and unallocated reserves remain at levels sufficient to fund approved spending items.

The City's Sewer, Electric, and Water Funds are healthy, with projected gains or strategic drawdowns of reserves to keep rates low. The reserves of each of the three funds are within policy reserve requirements. Although the Refuse Fund is projecting a loss for the current fiscal year, there are sufficient reserves to accommodate the budgeted drawdown, and the fund is anticipated to generate a net gain by fiscal year 2026/27. The Public Parking Fund is projecting a net gain primarily due to the implementation of the Parking Your Way program, which increased revenues.

Prepared by:	Peter Kakos, Interim Budget Manager
Approved by:	Sergio Aguilar, Deputy Finance Director
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Edward Enriquez, Assistant City Manager/Chief Financial Officer/Treasurer
Approved as to form:	Jack Liu, Interim City Attorney

### **Attachments:**

1. Measure Z Spending Plan
2. Presentation