City of Arts & Innovation

Budget Engagement Commission

TO: HONORABLE COMMISSIONERS **DATE:** AUGUST 13, 2026

FROM: FINANCE DEPARTMENT **WARDS:** ALL

SUBJECT: FISCAL YEAR (FY) 2025/26 THIRD QUARTER FINANCIAL UPDATE AND BUDGET ADJUSTMENTS – FY 2025/26 REVENUE ADJUSTMENTS OF $1,639,852; SUPPLEMENTALS APPROPRIATIONS/INTERFUND TRANSFERS OF $12,599,852; FY 2026/27 SUPPLEMENTAL APPROPRIATIONS OF $110,435; INTERDEPARTMENTAL TRANSFERS OF $624,686

ISSUE:

That the Budget Engagement Commission receive the Fiscal Year (FY) 2025/26 Third Quarter Financial Update.

RECOMMENDATIONS:

That the Budget Engagement Commission:

1. Receive the Fiscal Year (FY) 2025/26 Third Quarter Financial Update.

BACKGROUND:

On June 17, 2025, the City Council adopted Resolution No. 24273 approving the amended Fiscal Year (FY) 2025/26 of previously adopted FY 2024-2026 Biennial Budget.

On February 24, 2026, the City Council received the First Quarter Financial Update and approved citywide supplemental appropriations of $1,829,674 for all City funds, including interfund transfers in the amount of $617,533.

On April 14, 2026, the City Council received the Second Quarter Financial Update and approved mid-year budget adjustments, including revenue adjustments of $4,346,713, proposed supplemental appropriations/interfund transfers of $4,862,788 and interdepartmental transfers of $2,052,951.

On July 28, 2026, the City Council received and approved the Third Quarter Financial update and approved for FY 2025/26:

  - Record supplemental appropriations and offsetting revenue increases, and all accounting related entries in the Bridle Ridge CFD, Special Deposits Fund, and Library Permanent Fund, in the amount of $938,618;

  - Record a supplemental appropriation and offsetting revenue increase in the General Fund, Mutual Aid in the amount of $701,234;

  - Authorize an interfund transfer from General Fund surplus reserves to the General Liability Trust Fund in the amount of $9,560,000;

  - Authorize an interfund transfer in the amount of $1,400,000 from the General Fund to the General Liability Trust Fund and offsetting budget reductions in the General Fund; and

- For FY 2026/27:

  - Supplemental appropriations in the General Fund in the amount of $97,750;

  - Supplemental appropriations in the Airport Fund in the amount of $12,685;

  - Interdepartmental transfers in various funds and accounts in the amount of $624,686.

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 third-quarter report, City departments analyzed the financial status of all funds and appropriations under their purview. The results of the City's major funds and areas of concern in other funds (if any) are included in this report. This update spans the period of July 2025 through March 2026.

General Fund

The third-quarter review maintains a cautious, but stable outlook for the General Fund and Measure Z. Revenues are aligning with updated revenue expectations as published in the Second Quarter Financial Update brought forward to Council in April 2026. As of the close of the third quarter no major changes to budgeted expectations are anticipated; however, staff continue to monitor for meaningful shifts from current expectations.

While most revenues continue to show modest growth and are anticipated to reach budgeted expectations, certain categories, such as developer fees related to development within the City, continue to maintain their softer outlook. In addition, Cannabis Tax revenues are anticipated to underperform the revised decreased estimates for the remaining few months of the fiscal year given that only one dispensary was open in the fiscal year.

Continued fiscal uncertainties related to the ongoing geopolitical tensions and related impacts on energy markets and inflation continue to pose risks to the broader economic outlook, which may impact City revenues.

Personnel costs within the City, mainly related to renewed Memorandum of Understanding (MOU) agreements with various bargaining units, continue to pressure City expenditures as they are the largest component of General Fund expenditures.

Adopted Budget: The adopted FY 2025/26 budget for the General Fund totaled $382.2 million with a balanced budget. The review of the third quarter financials showed a continued upward pressure on public safety overtime costs. These costs are compounded by increased MOUs, and will continue to pressure the General Fund.

Revenues: Third quarter analysis demonstrates a continued moderate slowdown in revenue that began towards the end of FY 2024/25. Although revenue performance continues to be softer overall, no additional adjustments are recommended this quarter. The Second Quarter report updated revenue estimates across multiple categories to reflect current trends and align the budget with revised revenue expectations. One adjustment is recommended to align Fire Mutual Aid revenues with actual results.

General Fund Revenue
FY 2025/26
(in Thousands)

Revenue Category	Adopted Budget	Amended through Q2	Proposed Adjustments	FYE Projections
Property Taxes	$ 96,473	$ 97,973	$ -	$ 97,973
Sales Tax	94,092	94,972	-	94,972
Cannabis Tax	1,000	250	-	250
Utility Users Tax	37,121	36,321	-	36,321
Transient Occupancy Tax	8,927	8,927	-	8,927
Franchise Fees	7,160	6,160	-	6,160
Licenses & Non-Dev. Permits	11,106	12,106	-	12,106
Non-Dev. Charges	12,214	12,214	-	12,214
Dev. Fees & Charges	9,735	7,735	-	7,735
General Fund Transfer	56,199	59,328	-	59,328
Measure Z Transfer	25,633	25,633	-	25,633
Other Revenues/Transf In	22,498	25,106	701	25,807
Total Revenues & Transf. In	**$382,157**	**$ 386,725**	**$ 701**	**$ 387,426**

The following outlines trends for some of the major revenue categories within the General Fund:

- **Property Tax:** The property tax category continues to exhibit an upward trend, although the rate of growth has slowed compared to previous periods. Most subcategories within the property tax group are performing in alignment with budget projections, but at a more gradual pace. In particular, property transfers and supplemental taxes are experiencing slower growth due to overall reduced sales activity.

  This moderation in growth is largely attributable to low mortgage rates of current homeowners and increased financing costs, rather than a decline in property values. Additionally, tax receipts from the Successor Agency have moderately exceeded budgeted expectations. However, it is important to note that this subcategory remains generally volatile and presents forecasting challenges.

- **Sales Tax:** The Second quarter report reflected an upward adjustment of $880,000 based on information from our sales tax consultant, HdL. The increased projections are currently performing in line with the updated expectations and are anticipated to perform at, or slightly above the revised revenue forecast.

- **Cannabis Business Tax:** The second quarter report lowered projections to $250,000, reflecting delayed dispensary openings—only one was open by the end of Q3. No further reductions are recommended due to limited data; staff will update this category in FY 2026/27 as new businesses open and tax information becomes available.

Expenditures: At the end of the third quarter, overall General Fund expenditures are generally aligning with budgeted appropriation limits and no additional budget adjustments are recommended at this time.

The following explains significant items:

- **Personnel** – As of the end of the third quarter, personnel expenditures are at 74.8% of the amended budget for General Fund, this includes the additional Police and Fire department overtime budgets that were increased in the second quarter mid-year adjustments.

  The personnel expenditure budget incorporates a 6% vacancy savings factor, (equivalent to approximately $15.9 million for General Fund), within a non-departmental fund account, freeing up funding for other City priorities. However, all positions are fully budgeted within their respective departments. As of the end of the third quarter, the General Fund vacancy rate stood at 9.2%. The City is on track to achieve the vacancy savings rate. However, it is 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.

  Additional appropriations related to Public Safety overtime were included in the Second Quarter Report, in the amount of $2.6 million, however the costs continue to escalate. While public safety overtime and MOU driven personnel costs are expected to remain within current year budgeted levels, these trends underscore the importance of closely aligning ongoing personnel growth with sustainable revenue growth over the next biennium.

- **Non-Personnel** – Non-personnel expenses are challenging to project due to fluctuations in the timing of expenditures throughout the fiscal year, as well as the common occurrence of unexpended funds being carried over at the end of the fiscal year. As of the end of the third quarter, overall expenditures are expected to generally fall within budgeted expectations for the General Fund. However, some level of savings is anticipated from various executed contracts that will be partially unspent at year-end.

Through the third quarter of FY 2025/26, the City Council approved the following supplemental appropriations:

General Fund ($5.38 million)

- Expedited Plan Check Services (Net Zero) – $200,000 supplemental appropriation offset by an equivalent amount of revenue for a deposit-based program that allows private developers to obtain expedited plan check services when in-house staff are unable to accommodate the request.

- Various Personnel Adjustments (-$511,030) – Net savings from the reduction of personnel in Housing and Human Services, Community and Economic Development, partially offset by increase in personnel in the Fire Department.

- Hawarden Fire Program ($28,843) – Assistance provided by the Riverside County Fire Department during the Hawarden Fire Incident.

- Fire Inspections (Net Zero) – Cost recovery billing services agreement for Fire Prevention Inspections with Fire Recovery USA, LLC. Revenue generated will offset cost of agreement, which are estimated to be approximately $143,600 annually.

- Festival of Lights ($300,000) – Agreement with the Riverside Arts Council for the administration and management of the Festival of Lights.

- Various Labor Agreements ($3.51 million) – Increased costs associated with newly ratified Memorandum of Understanding with the Service Employee International Union (SEIU) and unrepresented employees. These costs are anticipated to be offset by anticipated salary and benefit growth that was built into the adopted budget.

- Colantuono, Highsmith and Whatley ($83,000) – City Attorney's Office contract for outside legal services with Colantuono, Highsmith and Whatley.

- Paramedic Program Medical Consulting Services ($30,000) – Transfer from Paramedic Equipment Refresh Special Deposits account to General Fund for the Fire Departments Paramedic Program for Medical Consulting Services. Funding is provided from the Special Deposits Fund, with no net impact to General Fund.

- Shute, Mihaly & Weinberger ($250,000) – City Attorney's Office contract for outside legal services with Shute, Mihaly & Weinberger for the lawsuit entitled City of Riverside vs. The Regents of the University of California.

- Evidence Trust Fund ($112,309) – Transfer from Evidence Trust Funds Special Deposit account to General Fund for the Police Department to use for equipment and supplies. Funding is provided from the Special Deposits Fund, with no net impact to General Fund.

- Salvation Army Emergency Food Access Program (Net $0) - Reallocate $100,000 from the Senior Supplemental Rental Assistance Program to The Salvation Army Emergency Food Access Program to provide food assistance to City of Riverside residents who are participants in the Supplemental Nutrition Assistance Program and federal employees financially impacted by the federal government shutdown.

- Office Inspector General (Net $0) – Reallocate budget from City Manager's Internal Audit Division to the newly created Office Inspector General Department.

- Animal Field and Shelter Services ($816,000) – Agreement with the County of Riverside for animal field and shelter services.

- Public Safety Realignment Reimbursement (Net $0) – Agreement with the County of Riverside Probation department for the Post-Release Accountability and Compliance Team allowing reimbursement of City personnel costs related to Public Safety Realignment.

- City Manager's Office, Ballot Measure Community Outreach and Education Materials ($195,000) – Funding to support the preparation and distribution of informational materials and community outreach related to the ballot measure.

- RCFA and RFMG MOU ($1,419,309) – Riverside Firefighters' Association and Riverside Fire Management Group Labor Memorandum of Understanding.

- Debt and Treasury Public Safety Impact Analysis (Net $0) - $10,000 Appropriation related to Contract to review a Citywide Public Safety Impact Analysis from Special Deposits Fund Debt & Treasury Account.

- Community Facilities District (CFD) No. 38 Reimbursements ($1,554,623.04) – Supplemental appropriation in the General Fund to reimburse the developer of CFD No. 38 an amount equivalent to city fees paid pursuant to CFD agreement, which will be fully offset by bond proceeds that will cover eligible existing General Fund expenditures.

- Debt and Treasury Administrative Costs of Letter of Credit (Net $0) - $23,000 transfer from Special Deposits Fund, Debt Service Admin Fee account for administrative fees associated with extending a Letter of Credit for the 2008 Certificates of Participation.

- Massachusetts Point Public Art Program (Net $0) – $200,000 supplemental appropriation offset by an equivalent amount of revenue for a public art fee to be paid by developer to be used at the City's discretion.

Through the third quarter, the City Council approved supplemental appropriations of $5.30 million from the General Fund Infrastructure Reserve:

- City Hall Elevator Modernization ($1.58 million) – Agreement with Otis Elevator Company for the modernization of elevators at City Hall.
- Eastside Library Project ($1.00 million) – Construction of the SPC Jesus S. Duran Eastside Library. Agreement with Horizons Construction Company for the demolition, hazardous material abatement, and new construction of the facility.
- Airport Master Plan Project ($976,530) – Professional Services Agreement with Coffman Associates, Inc. for the preparation of the Airport Economic Impact Study/Development Plan and Master Plan for the Riverside Airport.
- Hole Lake Master Plan ($300,000) – Funding for the development of a master plan for Hole Lake.
- PRCS CIP Project ($400,000) – Supplemental appropriation for the Orange Terrace Playground Improvements Project. This was offset by an equivalent reduction in funding for the Janet Goeske Center Bathroom Renovation.

- Electric Trucks from Voltu Motor, Inc. ($642,500) – Purchase of trucks from Voltu Motor, Inc and design, construction and installation of level 2 chargers.
- City Hall Basement Flood ($400,000) – Emergency costs and cleanup related to the recent flooding of the City Hall.

Summary: Through the third quarter, the General Fund continues to perform in line with the revised budget detailed in the second quarter report. Although individual revenue categories are experiencing fluctuations-some exceeding budget expectations while others fall short-there have been no significant departures from the overall budget projections. At this stage, it is anticipated that the General Fund will meet revenue targets currently set for the fiscal year, though minor adjustments may occur as the year progresses.

Measure Z

The adopted FY 2025/26 budget for Measure Z total $107.3 million, which includes a budgeted net drawdown of $23.2 million, and a projected ending balance of $12.7 million. 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 third quarter, Measure Z is projected to end FY 2025/26 with $24.23 million in fund reserves, resulting from a net drawdown of $64.63 million, which includes encumbrances and carryovers from prior years and previously approved supplemental appropriations.

Revenues: Since its approval in 2017, the Measure Z Transaction and Use Tax has grown steadily, peaking at $84.02 million in FY 2022/23. In FYI 2023/24, revenues declined 2.5% to $81.90 million from the prior fiscal year, marking the first revenue drop since Measure Z's inception. In FY 2024/25, revenues continued to decline, falling by 0.7% to $81.33 million.

As of the third quarter, revenues continue to underperform, but are largely in line with the reduced budget expectations as adjusted in the second quarter report. No additional revenue adjustments are recommended to Measure Z revenues as they are relatively in line with revised budgeted expectations.

Measure Z Revenue FY 2025/26 (in Thousands)				
Revenue Category	**Adopted Budget**	**Amended through Q2**	**Proposed Adjustments**	**FYE Projections**
Sales Tax	$ 83,296	$ 81,876	$ -	$ 81,876
Interest Earnings	800	2,000	-	2,000
Total Revenues & Transf. In	**$84,096**	**$ 83,876**	**$ -**	**$ 83,876**

Expenditures: The total budget presented in the Measure Z Spending Plan includes carryovers of $44.44 million, comprised of encumbrances of $22.12 million, capital carryovers of $16.5 million, and $5.83 million of approved discretionary carryovers. Measure Z funds include many projects and one-time expenditures, causing quarterly actuals to appear to be trending behind budget. However, spending is progressing as planned and within appropriation limits.

Through the third quarter of FY 2025/26, the City Council approved supplemental appropriations totaling $765,960 in Measure Z including:

- Riverside Fire Department SCBA Conversion kits ($371,284) – Increase Measure Z Fire Operations account to purchase Self Contained Breathing Apparatus conversion kits.
- Various Labor Agreements ($283,793) – Increased costs associated with newly ratified Memorandum of Understanding with SEIU and unrepresented employees.
- RCFA and RFMG MOU ($110,883) – Riverside Firefighters' Association and Riverside Fire Management Group Labor Memorandum of Understanding.

Electric Fund

The FY 2025/26 adopted budget for the Electric Fund projects a $13.5 million net gain, excluding bond proceeds and capital project allocations and a net draw on fund reserves of approximately $55.3 million when including budgeted bond proceeds and capital expenditures. The total budget as of third quarter includes $18.4 million in prior year encumbrances and carryovers. No adjustments to the Electric Fund budget are recommended at this time.

Revenues: As of the end of the third quarter, electric revenues stand at 76.4% of budgeted projections and are expected to meet budgeted amounts. With the summer season at the beginning of the fiscal year, projected retail sales were expected to be 75.8% or $310.7 million of total budget through March 2026. Retail sales are 73.9% or $302.9 million of total budget through March 2026, which is 1.9% or $7.7 million lower than expected. The lower than anticipated retail revenues are a result of decreased electric consumption attributed to milder temperatures through the third quarter of the fiscal year. Transmission revenues are projected to perform below anticipated for the remainder of Fiscal Year 2025/26. Fiscal Year TRR revenues are projected to be 7.6% or $2.1 million lower than budget due to a decrease in the TRR rate reflective of a decrease in SCE transmission costs. The TRR revenues are based on the transmission load multiplied by the TRR rate.

Expenditures: Electric expenditures are 69.1% of the total budget at the end of the third quarter. The Electric Fund had 64.00 FTE vacancies at the end of the third quarter, representing a vacancy rate of 13.5%. 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 2025/26 adopted budget for the Water Fund projected an $11.7 million net gain excluding capital expenditures and a net draw on fund reserves of approximately $22.8 million when including budgeted capital expenditures. The total budget as of third quarter includes $9.8 million in prior year encumbrances and carryovers. No adjustments to the Water Fund budget are recommended at this time.

Revenues: At the end of the third quarter, total revenues for the Water Fund are 98.1% of budgeted projections. With the summer season at the beginning of the fiscal year, projected retail sales were expected to be 76.3% or $66.7 million of total budget through March 2026. Retail sales are 77.2% or $67.4 million of total budget through March 2026, which is 0.9% or $0.8 million higher than expected. Increased water consumption appears to be driven by below-average precipitation through the third quarter of the fiscal year. Increased water retail sales do not have a corresponding increase in water expenses. Weather, including precipitation, can significantly impact retail revenues, which will be monitored throughout the remainder of the fiscal year.

Expenditures: At the end of the third quarter, Water Fund expenditures stand at 63.8% of the budget. As of the same period, the Water Fund had 18.00 FTE vacancies, representing a vacancy rate of 10.9%. 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 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 Fund

The FY 2025/26 adopted budget for the Refuse Fund projects a net loss of approximately $1.8 million due to higher disposal costs and the first-year repayment of a loan provided by the General Fund infrastructure reserve used to support solid waste vehicle purchases that is expected to be fully repaid by 2028. The total budget as of the third quarter also includes $6.8 million in prior fiscal year encumbrances and carryovers. Of this amount, $5.2 million is associated with pending vehicle purchases that are funded by revenue that was recognized in FY 2022/23 and moved to fund balance. The Refuse Fund's reserve balance is sufficient to absorb the current fiscal year deficit. Although the total budget appears to reflect a $10.0 million loss, this is primarily due to the carryover and timing of when the revenue associated with vehicle purchases was recognized. No adjustments to the Refuse Fund budget are recommended at this time.

Revenues: At the end of the third quarter, total revenues for the Refuse Fund are 78.8% of budgeted projections and is generally in line with percent of revenue received by the third quarter of last fiscal year. Third quarter analysis indicates that Refuse revenues are generally on track to meet expectations and align with budgeted projections for the fiscal year.

Expenditures: Expenditures are 62.6% of total budget at third quarter end. During this period, the Refuse Fund continued to experience staffing shortages with 10.00 FTE vacancies, constituting a vacancy rate of 14.9%. The personnel savings were partially offset by new vehicle expenditures from prior year carryovers that took place in first quarter.

Sewer Fund

The FY 2025/26 adopted budget projects a net gain of $0.98 million excluding capital expenditures but anticipates a total draw on fund reserves of approximately $2.9 million when including capital expenditures. The total budget for the third quarter also includes $2.5 million in prior fiscal year encumbrances and carryovers. No adjustments to the Sewer Fund budget are recommended at this time.

Revenues: At the end of the third quarter, total revenues for the Sewer Fund are 63.7%, which is 2.3% lower than revenues received as of the third quarter last fiscal year. The fund continues to experience lower revenue in sewer connections due to a slowdown in new development and sewer hookups. Other revenues within the fund, specifically in the non-residential category, continues to slightly outperform budgeted expectations. Although overall revenue is trending slightly lower than budget projections, there is no recommendation to lower budget projections at this time.

Expenditures: Expenditures are 70.1% of the total budget at the end of the third quarter. During this period, the Sewer Fund had 14.00 FTE vacancies, constituting a vacancy rate of 11.6%. Vacancies savings are anticipated to be offset by increased overtime to meet operational needs. However, personnel expenditure projections remain within budgeted forecasts, and no adjustments are anticipated at this time.

Public Parking Fund

The FY 2025/26 adopted budget for the Public Parking Fund projects a net gain of $1.6 million excluding capital but anticipates a net gain of approximately $0.75 million when including capital expenditures. The total budget as of third quarter includes $249,537 in prior year encumbrances and carryovers. No adjustments to the Parking Fund budget are recommended at this time.

Revenues: Overall revenues for the Parking Fund are at 82.4% and are expected to meet projected revenue. Revenues are increasing due to the nightly flat rate and monthly parking rate increase but are being offset by the decrease in volume. Revenues for Street Sweeping are expected to operate at a deficit of 18% when compared to the total budget.

Expenditures: Expenditures are 57.7% of the total budget at the end of the third quarter. During this period, the Public Parking Fund had 2.00 FTE vacancies, constituting a vacancy rate of 8.7%. These shortages, coupled with extended hours of operation, have necessitated the need for overtime, but overall expenditures remain within budget.

Third Quarter Budget Adjustments:

Throughout the fiscal year, staff assess the need for adjustments to the adopted budget. The following budget adjustments are recommended for Council approval:

FY 2025/26

- **Bridle Ridge CFD (Net $0):** Record an increase in revenue and a supplemental appropriation in the amount of $10,000 in the Bridle Ridge CFD revenue account 0000764-361655 and expenditure account 2390340-447010 for the purposes of rightsizing revenues and expenditures in the Communities Facilities District Fund.
- **Special Deposits Fund Accounting Cleanup (Net $0):** Record a supplemental appropriation, interfund transfer, and authorize any other accounting entries in the amount of $648,618 in order to recognize revenue and appropriately record funds within the Special Deposits Fund as recommended by the City's auditors in order to accurately reflect balances.
- **Library Special Permanent Fund ($280,000):** Record a supplemental appropriation and revenue offset in the Library Special Permanent Fund, Professional Services account 0000951-421000 in the amount of $280,000 for the purposes of library maintenance and purchases.
- **Fire Mutual Aid ($701,234):** Record an increase of $701,234 in revenues and expenditures in the General Fund, Fire-Mutual Aid division to true up the budget for reimbursable mutual aid costs. This fiscally neutral adjustment is a cleanup item to reflect the fiscal year activity within this division.
- **Undesignated General Fund Reserve Transfer to General Liability Fund ($9,560,000):** Record an interfund transfer of undesignated General Fund Reserves to the General Liability Insurance Trust Fund in alignment with the deficit solving measures included in the FY 2026-2028 biennial budget as adopted on June 23, 2026.
- **Various Cost Reduction Shift to General Liability Fund ($1,400,000**): Record a decrease in Finance Fiscal Management Account ($150,000), Various Utilities Accounts ($1,200,000), and Finance Ad hoc Professional services ($50,000) and an interfund transfer of the equivalent amount to the General Liability Insurance Trust Fund in alignment with the deficit solving measures included in the FY 2026-2028 biennial budget as adopted on June 23, 2026 .

FY 2026/27

- **Library Public Facing Computers ($81,103):** Record an interdepartmental transfer from General Fund, IT, Client Services. Computer Equipment 2420000-425800 to Library, Neighborhood Services, Technology Replacement 5135000-462310 for the purposes of the Library Department managing public facing computer replacements.

- **Airport Reclassification of Custodian to Admin Assistant ($12,685):** Record a supplemental appropriation in the Airport Fund, various Personnel accounts (1165000-41xxxxx) in the amount of $12,685 for the purposes of reclassifying a Custodian to an Administrative Assistant.
- **Interdepartmental Transfer of 5.0 FTEs from the Fire Department to the Police Department and Personnel Budget (Net $0):** Record an interdepartmental transfer of 5.0 FTEs and personnel budgets from the UASI Fund, Fire Department, Personnel (35xxxxx-41xxxxx) to the Police Department, Personnel (31xxxxx-41xxxxx) in the amount of $543,583 for the purposes of better aligning the duties and responsibilities of the Safety and Tribal Regional Analysis Center (STRAC).
- **XyloPlan Fire Pathways Analysis ($97,750):** Record a supplemental appropriation in the amount of $97,750 in the General Fund, Fire Admin, Professional Services account 3510000-421000 for the initial Fire Pathways Analysis and Risk Assessment Platform, GIS deliverables, and presentations to stakeholders.

FISCAL IMPACT:

As of the third quarter, the General Fund remains largely in line with adjustments that were approved by Council in the second quarter report. Performance is expected to be within budgeted targets relative to the amended budget. Staff continue to monitor increased costs and other uncertainties related to a slowdown in revenues from ongoing geopolitical tensions and federal and state budgetary changes and uncertainties.

The City's enterprise funds remain largely in line with budgeted expectations and maintain reserve levels in compliance with established policy requirements. Although Sewer Fund revenues have continued to underperform for multiple quarters on a marked slowdown in new development and sewer connections, expenditures have also been trending below budget.

THIRD QUARTER BUDGET ADJUSTMENTS		
Fund	**Revenues**	**Expenditures**
	FY 2025/26	
General Fund	$701,234	$701,234
Bridle Ridge CFD	10,000	10,000
Special Deposits	648,618	648,618
Library Permanent	280,000	280,000
TOTAL FY 2025/26	**$1,639,852**	**$1,639,852**
	FY 2026/27	
General Fund	$ -	$97,750
Airport Fund	-	12,685
TOTAL FY 2026/27	**$ -**	**$110,435**
	Other Adjustments	
Interfund Trnsf to Gen Liability Fund	$ -	$10,960,000*
Citywide Total	**$1,639,852**	**$12,710,287**
**Funds transferred are surplus and/or from reduced budget and have zero net impact.*		

Prepared by:	Peter Kakos, Budget and Revenue Manager
Approved by:	Sergio Aguilar, Deputy Finance Director
Certified as to availability of funds:	Julie Nemes, Finance Director/Assistant Chief Financial Officer
Approved by:	Edward Enriquez, Assistant City Manager/Chief Financial Officer/Treasurer
Approved as to form:	James Johnson, City Attorney

Attachment:
1. Presentation
2. Measure Z Spending Plan