FY 2025/26 Proposed Amended Budget

Finance Department

City Council
May 13, 2025

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Fiscal Health and Outlook

- Overall, the City maintains a strong financial position
- Significant uncertainty of future fiscal outlook remains
  - Tariffs
  - Immigration Policies
  - Other Federal Action
- Recommend proactive measures pending additional revenue and economic data

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All Funds Revenue
(Operating Budget)

All Funds (in thousands)			
Revenue Category	**Adopted Budget**	**Proposed Adjustment**	**Amended Budget**
Taxes	$ 351,783	$ (6,281)	$ 345,502
Licenses and Permits	22,507	(1,395)	21,113
Intergovernmental	45,810	(171)	45,638
Charges for Services	765,757	(5,862)	759,895
Fines & Forfeitures	6,127	294	6,421
Special Assessments	11,936	781	12,717
Miscellaneous	44,151	166	44,317
Rents	2,984	-	2,984
Other Financing Sources	2,309	(1,650)	659
Debt Transfers In	41,805	1,488	43,293
Operating Transfers In	114,946	6,139	121,086
Use of Section 115 Trust Set Aside	4,352	7,652	12,003
Use of Reserves	194	73	268
Total Revenues & Transfers In	**$ 1,414,661**	**$ 1,235**	**$ 1,415,896**

All Funds Expenditures
(Operating Budget)

All Funds (in thousands)			
Expenditures	**Adopted Budget**	**Proposed Adjustment**	**Amended Budget**
Personnel Services	$ 426,733	$ 9,861	$ 436,594
CalPERS UAL	23,163	5,984	29,147
Non-personnel Expenses	488,610	8,384	496,994
Special Projects	76,276	(1,795)	74,481
Equipment Outlay	6,375	(1,000)	5,375
Debt Service/Debt Transfers Out	228,664	4,789	233,453
Minor Capital	142,218	(1,000)	141,218
Charges from Others	101,079	423	101,503
Charges to Others	(137,779)	(450)	(138,229)
Operating Transfers Out	114,946	6,139	121,086
Water GFT Escrow	9,183	-	9,183
Total Expenditures & Transfers Out	**$ 1,479,470**	**$ 31,334**	**$ 1,510,804**

GENERAL FUND & MEASURE Z RESERVE BALANCES

General Fund		
Policy Reserves		**Balance (in millions)**
Emergency Reserve (15%)	$	54.18
Contingency Reserve (5%)		18.06
Total	**$**	**72.24**
Other Reserves		
Reserved for Section 115 Trust Contributions	$	30.24
Infrastructure Reserve		9.38
Technology Reserve		5.00
Water GFT Escrow		16.63
Section 115 Trust		77.19
Total	**$**	**138.44**
Total Reserves	**$**	**210.68**

Measure Z		
		Balance (in millions)
Fund Balance*	$	35.89
Policy Reserve		5.00
Total	**$**	**40.89**

* Reflects projected fund balance as of FY 2024/25 Budget Adjustments approved through April 8, 2025.
* Measure Z fund balance is anticipated to be drawn down over the adopted five-year plan.

GENERAL FUND & MEASURE Z OVERVIEW

FY 2025/26 Summary			
	Adopted Budget	**Proposed Adjustments**	**Amended Budget**
General Fund			
Revenue/Transfers In	$ 371,805,699	$ 9,838,482	$ 381,644,181
Expenditure/Transfers Out	371,805,699	9,838,482	381,644,181
Surplus/(Deficit)	**$ -**	**$ -**	**$ -**
Measure Z			
Revenue/Transfers In	$ 86,997,000	$ (2,901,000)	$ 84,096,000
Expenditure/Transfers Out	101,594,532	6,194,636	107,789,168
Surplus/(Deficit)	**$ (14,597,532)**	**$ (9,095,636)**	**$ (23,693,168)**

GENERAL FUND & MEASURE Z REVENUES

General Fund (in thousands)				
Revenue Category	**Adopted Budget**	**Proposed Adjustment**	**Amended Budget**	**% Change**
Property Taxes	$ 97,220	$ (747)	$ 96,473	-0.8%
Sales Tax	96,581	(2,489)	94,092	-2.6%
Cannabis Tax	1,000	-	1,000	0.0%
Utility Users Tax	37,155	(34)	37,121	-0.1%
Transient Occupancy Tax	8,970	(43)	8,927	-0.5%
Franchise Fees	7,213	(53)	7,160	-0.7%
Licenses & Non-Developer Permits	12,999	(1,892)	11,106	-14.6%
Non-Development Charges for Services	12,229	-	12,229	0.0%
Development Fees & Charges	8,673	1,062	9,735	12.2%
General Fund Transfer	56,199	-	56,199	0.0%
Measure Z Transfer	18,266	-	18,266	0.0%
Public Safety Support (Measure Z)	-	7,239	7,239	100.0%
Other Revenues & Transfers In	15,301	6,797	22,098	44.4%
Total Revenues & Transfers In	**$ 371,805**	**$ 9,838**	**$ 381,644**	**2.65%**

Measure Z (in thousands)				
Revenue Category	**Adopted Budget**	**Amended Budget 12/31/2024**	**Year-End Projection**	**% Change**
Sales Tax	$ 86,197	$ (2,901)	$ 83,296	-3.4%
Interest Earnings	800	-	800	0.0%
Total Revenues & Transfers In	**$ 86,997**	**$ (2,901)**	**$ 84,096**	**-3.3%**

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GENERAL FUND EXPENDITURES

General Fund (in thousands)				
Expenditure Category	**Adopted Budget**	**Proposed Adjustment**	**Amended Budget**	**% Change**
Personnel	$ 270,363	$ 6,759	$ 277,122	2.5%
Vacancy Factor	(15,890)	(1)	(15,891)	0.0%
Cal PERS UAL-Safety	12,733	266	12,999	2.1%
Cal PERS UAL-Misc	3,844	2,738	6,582	71.2%
Non Personnel	78,891	509	79,401	0.6%
Special Projects	10,537	(45)	10,492	-0.4%
Minor Capital Outlay	508	-	508	0.0%
Debt Service	22,048	-	22,048	0.0%
Charges To/From	(20,837)	(289)	(21,126)	1.4%
Cost Allocation Plan	(22,831)	-	(22,831)	0.0%
Section 115 Trust Transfer	9,000	-	9,000	0.0%
Water GFT Escrow	9,183	-	9,183	0.0%
Other Funds Subsidy	14,257	(100)	14,157	-0.7%
Total Expenditures & Transfers Out	**$ 371,806**	**$ 9,837**	**$ 381,643**	**2.65%**

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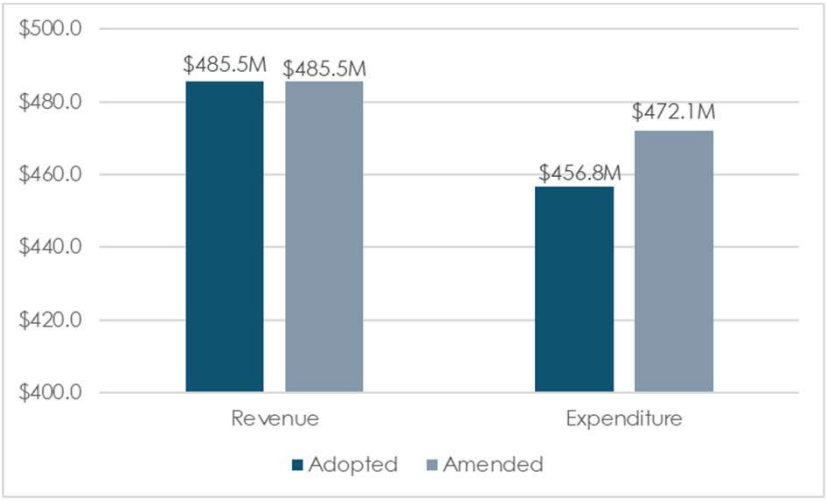
MEASURE Z EXPENDITURES

Measure Z (in thousands)				
Expenditure Category	**Adopted Budget**	**Proposed Adjustment**	**Amended Budget**	**% Change**
Personnel	$ 27,549	$ 814	$ 28,363	3.0%
Vacancy Factor	(500)	(473)	(973)	94.5%
Cal PERS UAL-Safety	2,002	62	2,064	3.1%
Cal PERS UAL-Misc	231	167	397	72.1%
Non Personnel	8,871	398	9,269	4.5%
Special Projects	11,814	(1,500)	10,314	-12.7%
Minor Capital Outlay	2,637	(1,000)	1,637	-37.9%
Debt Service	13,981	1,488	15,470	10.6%
Charges To/From	19	-	19	0.0%
Transfers to General Fund	34,991	6,239	41,230	17.8%
Total Expenditures & Transfers Out	**$ 101,595**	**$ 6,195**	**$ 107,790**	**6.10%**

ADUSTING TO A BALANCED BUDGET

Cost Savings Measures (General Fund and Measure Z)			
Issue	**Amount**	**Issue**	**Amount**
Section 115 Set Aside (GF)	$ 7,651,773	Deferred Maintenance (MZ)	$ 1,500,000
Forestry & Landscape Equipment (GF)	950,000	Citywide Fleet (MZ)	1,000,000
Talent Management System (GF)	250,000	Parks Capital Improvements (MZ)	1,000,000
ASL Interpretive Services (GF)	45,000	PSET Vacancies (MZ)	383,413
		MZ Fund Balance	3,079,438
		Total	**$ 15,859,624**

Electric Fund



Excludes bond proceeds and capital expenditures.

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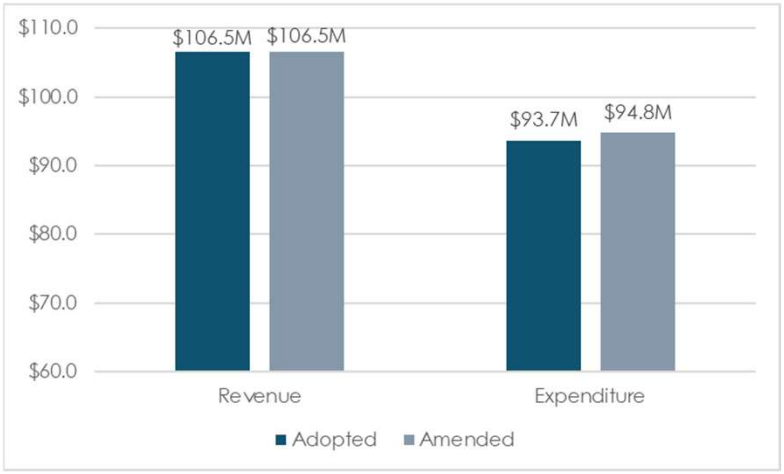
Water Fund



Excludes bond proceeds and capital expenditures.

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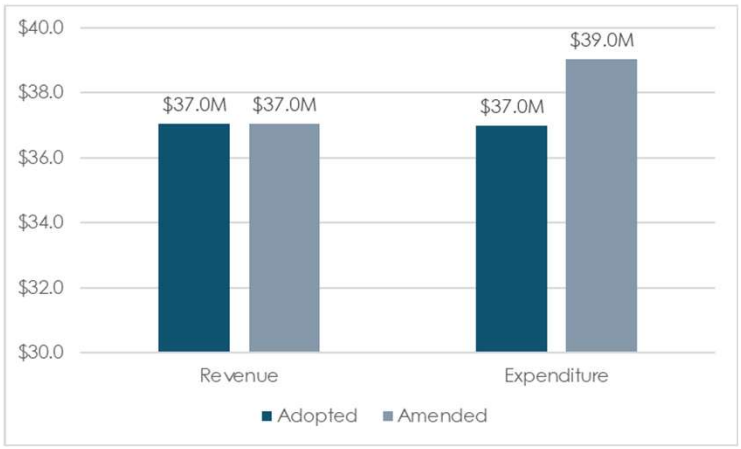
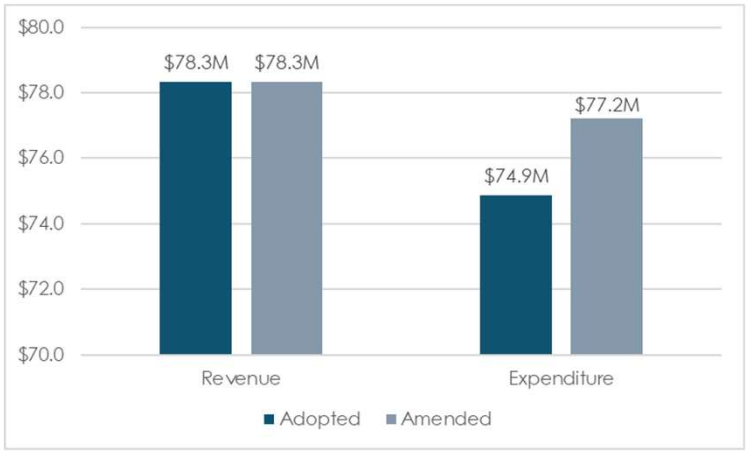
Refuse Fund



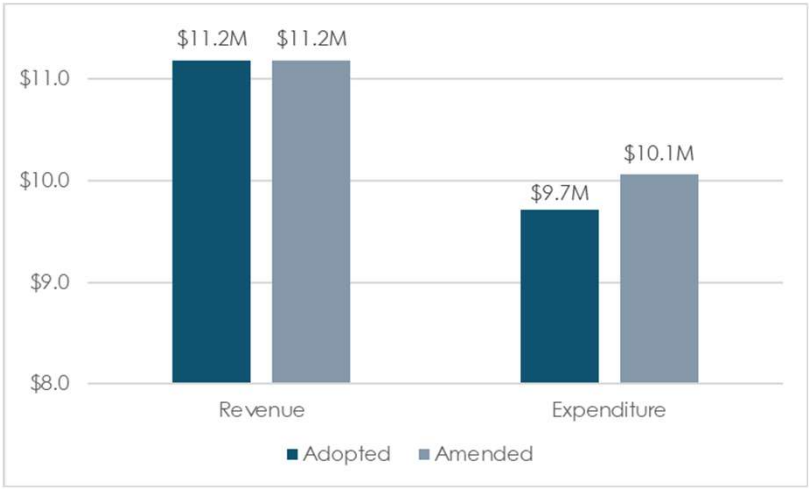
Excludes bond proceeds and capital expenditures.

Sewer Fund



Excludes bond proceeds and capital expenditures.

Public Parking Fund



Excludes bond proceeds and capital expenditures.

STRATEGIC PLAN ALIGNMENT

HIGH PERFORMING GOVERNMENT

CROSS-CUTTING THREADS

- Community Trust
- Equity
- Innovation
- Fiscal Responsibility
- Sustainability and Resiliency

RECOMMENDATIONS

That the City Council:

1. Receive and provide input on the proposed amendment of Fiscal Year 2025/26 of the previously adopted Fiscal Year 2024-2026 Biennial Budget; and

2. Set a public hearing for the adoption of the Amended Fiscal Year 2025/26 Budget on June 17, 2025.