



FYs 2023-24 and 2024-25 Budget Adjustment

City Council

May 20, 2024



Key Factors

- Align revenues to actual trends and economic conditions
- Adjust areas where changes are necessary
- Continued caution given economic uncertainty
- Maintain focus on financial foundation and sustainability

Key Adjustments – General Fund Revenue



Revenue Source	Adjustment Description
Sales Tax	Slight increase – reflect data projecting low growth
Property Tax	Modest increase – continued growth in assessed values
Property Transfer Tax	Large decrease – high lending and low inventory
Utility Users Tax	Modest increase – increased utility costs and trends
Franchise Fees	Modest increase – utility provider revenue
Interest & Property Income	Modest Increase – align with greater investments and increased rental income
Charges for Services	Modest Increase – greater revenue from City services and programs
Other Revenue	Slight increase – align with historical trends and actuals

Adjusted General Fund Revenues

(\$ in 000s)

	2023-24			2024-25		
Revenues	Amended Budget	Proposed Budget Amendment	Adjusted Budget	Amended Budget	Proposed Budget Amendment	Adjusted Budget
Sales Tax	55,848	264	56,112	57,416	629	58,045
Property Tax	28,959	1,337	30,296	29,807	1,460	31,267
Property Transfer Tax	11,000	(2,900)	8,100	11,000	(2,250)	8,750
Utility Users Tax	11,306	1,341	12,647	11,425	1,387	12,812
Franchise Fees	5,732	535	6,267	5,862	630	6,492
Interest & Property Income	2,581	570	3,151	2,624	387	3,011
Charges for Services	2,224	354	2,578	2,394	298	2,692
Other Revenues	20,378	443	20,821	20,414	790	21,204
Total Revenues	138,028	1,944	139,972	140,942	3,331	144,273

Key Adjustments – General Fund Expenditures

- City Manager's Office
 - Strategic Organizational Training: \$32,500
 - Continue to Fund Citywide Communications: \$140,000
 - Staffing for Communications: \$83,700
- Fire
 - Increased Labor Costs: \$697,425
- Recreation & Parks
 - Increased Scholarships for Rec Link: \$20,000
 - Increased Costs for Programming Registration: \$100,000
 - Increased Costs for Park and Landscape Maintenance: \$100,000
 - Increased Staffing Costs: \$438,000



Key Adjustments – General Fund Expenditures Cont'd

- Human Services
 - Costs to Align Staff With Priorities: \$293,000
- Library
 - Staffing Costs to Expand Services: \$143,000
 - Public Study Pods: \$151,000
- Public Works
 - Staffing Costs for Administrative, Environmental Services, and Engineering Continuity: \$341,200
- Community Development
 - Downtown Coordinated Camera System: \$200,000
 - Downtown Safety Ambassadors Service Expansion: \$70,000



General Fund Technical Adjustments

- Vacancy Rates :\$185,000
- Pension Costs: \$417,415
- Compensated Absences and Payouts: \$100,000



Adjusted General Fund Expenditures

(\$ in 000s)

	2023-24			2024-25		
Expenditures	Amended Budget	Proposed Budget Amendment	Adjusted Budget	Amended Budget	Proposed Budget Amendment	Adjusted Budget
City Manager	10,289	0	10,289	9,377	323	9,700
Finance	5,443	0	5,443	4,742	20	4,762
Police	43,142	0	43,142	44,961	696	45,657
Fire	32,133	0	32,133	33,126	697	33,823
Recreation and Parks	5,353	416	5,769	5,673	372	6,045
Human Services	5,884	0	5,884	4,065	312	4,377
Engineering & Transportation	7,568	0	7,568	5,600	26	5,626
Library	8,189	151	8,340	8,516	183	8,699
Public Works	8,960	0	8,960	8,674	382	9,056
Community Development	11,164	200	11,364	11,152	122	11,274
Non-Departmental	1,685	100	1,785	1,205	100	1,305
Debt Service	6,120	0	6,120	3,603	0	3,603
Transfers	11,742	1,579	13,321	5,888	98	5,986
Total Expenditures	157,672	2,446	160,118	146,582	3,331	149,913

General Fund Forecast Assumptions

- Pension cost increases per actuarial reports
- Assumed recession in 2026
- Annual salary growth aligned with MOUs
- Market inflation for all other costs
- Only Council-approved priorities are included
- Fluctuations will occur



General Fund Forecast

(\$ in 000's)

(\$ in 000)	2023-24	2024-25	NEXT BIENNIAL BUDGET		2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
			2025-26	2026-27						
Revenue										
Property Tax	30,296	31,267	32,268	33,300	34,466	35,500	36,742	38,304	39,932	41,129
Sales Taxes	56,112	58,045	60,150	59,368	60,555	62,675	65,495	68,770	72,380	74,552
Utility Users Tax	12,647	12,812	12,979	13,108	13,266	13,531	13,869	14,216	14,571	14,863
Other Tax/Franchise	25,954	27,032	27,843	27,704	28,673	29,247	29,905	30,653	31,342	31,812
Other Revenue	14,963	15,117	14,815	14,592	14,539	14,830	15,275	15,733	16,205	16,327
Total Revenue	139,972	144,273	148,054	148,073	151,499	155,782	161,286	167,675	174,431	178,683
Expenditures										
Salaries & Benefits	65,938	72,050	72,754	74,937	77,185	79,887	82,283	84,752	87,294	89,913
Operating Expenses	94,180	77,863	75,225	77,000	78,540	80,896	83,323	85,823	88,397	91,049
Total Expenditures	160,118	149,913	147,979	151,937	155,725	160,783	165,606	170,574	175,692	180,962
Transfer In From Available Undesignated Funds	20,146	5,640	(74)	3,864	4,226	5,000	4,320	2,899	1,261	2,279
Total Fund Balance	97,319	71,533	71,607	67,743	63,517	58,517	54,197	51,298	50,037	47,758
Available Undesignated Funds	39,600	16,530	12,931	13,392	8,736	3,753	(2,259)	(7,543)	(11,436)	(13,720)
Undesignated Funds after draw	19,454	10,890	13,006	9,528	4,511	(1,247)	(6,579)	(10,442)	(12,697)	(16,000)
Change to Economic Uncertainties Reserve	(2,924)	2,041	387	(792)	(758)	(1,012)	(965)	(994)	(1,023)	(1,054)
Net Available Undesignated Funds	16,530	12,931	13,392	8,736	3,753	(2,259)	(7,543)	(11,436)	(13,720)	(17,054)

- Other Costs not included in forecast
 - Roads: \$13 M annually
 - Stormwater Infrastructure: \$3 M annually
 - Facilities Maintenance: \$1 M annually

Fund Balance Forecast

(\$ in 000's)

	FY 2023-24 (Projected)	FY 2024-25 (Projected)	FY 2025-26 (Projected)	FY 2026-27 (Projected)	FY 2027-28 (Projected)	FY 2028-29 (Projected)	FY 2029-30 (Projected)	FY 2030-31 (Projected)
Fund Balance By Category								
<i>Beginning Balance</i>	97,319	77,173	71,533	71,607	67,743	63,517	58,517	54,197
Revenues	139,972	144,273	148,054	148,073	151,499	155,782	161,286	167,675
Expenditures	(160,118)	(149,913)	(147,979)	(151,937)	(155,725)	(160,783)	(165,606)	(170,574)
Net	(20,146)	(5,640)	74	(3,864)	(4,226)	(5,000)	(4,320)	(2,899)
<i>Ending Fund Balance</i>	77,173	71,533	71,607	67,743	63,517	58,517	54,197	51,298
Fund Balance By Category								
Nonspendable	7,219	7,219	7,219	7,219	7,219	7,219	7,219	7,219
Restricted	5,692	5,692	5,692	5,692	5,692	5,692	5,692	5,692
Assigned	9,437	9,437	9,437	9,437	9,437	9,437	9,437	9,437
Unassigned*	54,825	49,185	49,260	45,395	41,170	36,169	31,850	28,950
	77,173	71,533	71,607	67,743	63,517	58,517	54,197	51,298
Unassigned*	54,825	49,185	49,260	45,395	41,170	36,169	31,850	28,950
Set Assigned for:								
Compensated Absences	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)
Economic Uncertainties	(32,024)	(29,983)	(29,596)	(30,387)	(31,145)	(32,157)	(33,121)	(34,115)
Emergencies	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
	(38,296)	(36,255)	(35,868)	(36,659)	(37,417)	(38,429)	(39,393)	(40,387)
Available Undesignated Funds	16,530	12,931	13,392	8,736	3,753	(2,259)	(7,544)	(11,436)

Other Funds – Key Highlights

- Water Pollution Control Plant Fund
 - Increased East Bay Dischargers Authority Fees: \$80,000
 - Increased Parts, Supplies, and Services: \$100,000
- Information Technology Internal Service Fund
 - Network Replacement: \$750,000
 - Increased Software Costs: \$86,500
- Insurance Services Internal Service Fund
 - Increased Workers' Compensation and Liability Premiums: \$129,000

Other Funds Technical Adjustments

- Pension Costs: \$258,500
- Moving Shoreline Sale Interest to CIP: \$513,000
- Appropriating Asset Seizure for Approved Camera Costs: \$250,000

Citywide Adjusted Budget (\$ in 000's)

	FY 2023-24		FY 2024-25	
	Revenues	Expenditures	Revenues	Expenditures
General Fund	140.0	160.1	144.3	149.9
Other Funds	83.6	76.7	80.3	78.3
Total - All Funds	223.6	236.8	224.6	228.2

Questions?

