

FY 2025-26 General Fund Long Range Financial Forecast

LONG TERM FINANCIAL POLICY AUDIT
SUBCOMMITTEE

MARCH 13, 2025

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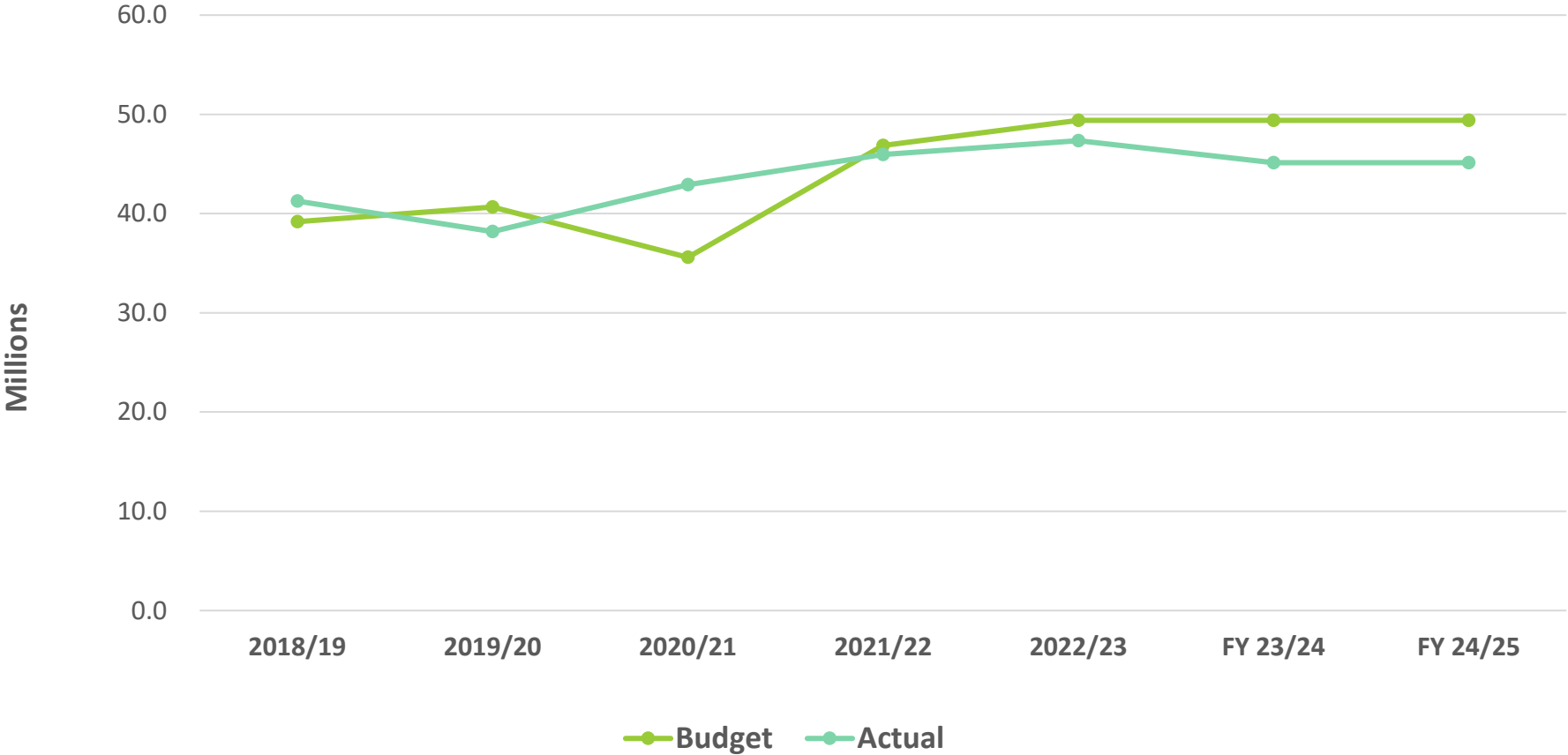
Preliminary Long Range Financial Forecast

	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Revenues	\$215.0	\$219.6	\$224.3	\$228.0	233.0
Transfers In	2.3	2.3	2.3	2.3	2.3
Total Revenues & TI	\$217.3	\$221.9	\$226.7	\$230.3	235.3
Expenditures	226.1	240.2	250.9	262.5	271.4
Transfers Out	10.5	10.5	10.7	10.2	10.5
Total Expenditures & TO	\$236.6	\$250.7	\$261.6	\$272.8	281.9
Surplus (Deficit)	(\$19.3)	(\$28.8)	(\$34.9)	(\$42.5)	(46.6)

Revenue Highlights

Major Revenue Category Description	YOY Change
Business Tax – additional revenue from Nov '24 tax measure	\$2M
TOT – additional revenue from Nov '24 tax measure	\$1M
Property Tax – estimated 5% growth, includes VLF Swap	\$3.6M
Sales Tax – reduced to match actual trend	(\$5.4M)
PED Charges for Services – no net increase	-
Recreation Charges for Services – no net increase	-
Total	\$1.2M

Sales Tax – Bradley Burns Lookback



Future Expenditure Assumptions

Major Expenditure Category Description	YOY Change
Salaries and Benefits – COLAs, Equity Adjustments, Incentive pays per labor contracts and uncontrollable increases in benefits costs	\$9.3M
Mid-Year Reductions – Council eliminated \$4.0M of ongoing personnel and operating costs from the General Fund on January 28, 2025	(\$4.1M)
REDCOM – Fire Department’s contract costs paid by Measure H	(\$1.3M)
Fleet Costs (\$1.3M) and Fire/EQ Insurance (\$500K)	\$1.8M
Total	\$5.7M

Future Expenditure Assumptions

- **Salaries & Benefits:**
 - **FY 2026/27:** 4% COLA + 1% merit increases; 3% thereafter
 - UAL grows by \$11M in 5 years per CalPERS valuation report
- **Services & Supplies**
 - Most categories grow at 1% assuming departments will limit spending
 - Fire and Earthquake Insurance grows at 15% based on historical increases
 - Vehicle Replacement & Repair grows at 7% based on historical trends and state mandates for clean energy vehicles

FY 2025-26 Summary

Description	Amount
FY 2024/25 Budgeted Deficit	(\$13.3M)
Additional Revenues (slide 3)	\$1.2M
Additional Expenditures (slide 5)	(\$5.7M)
Additional Transfers Out: ARPA funds for Homeless Services Expire; General Fund resumes costs	(\$1.5M)
FY 2025/26 Budgeted Deficit	(\$19.3M)

Next Steps

- **April 15th, 2025**
 - City Council Budget Study Session to address General Fund deficit and propose further budget reductions
- **April 22nd, 2025**
 - LTFPA 3rd Quarter General Fund Review and projections of year-end
- **May 6 & 7, 2025**
 - City Council Budget Study Session to discuss city-wide FY 25/26 proposed budget

Questions?