



DATE: September 17, 2025

TO: Council Budget and Finance Committee

FROM: Assistant City Manager

SUBJECT: Discuss Fall Budget Revision and Future Topics

RECOMMENDATION

That the Council Budget and Finance Committee reviews the schedule to prepare for the fall budget revision and provides input on the 2025 agenda planning calendar.

SUMMARY

In light of the City's financial situation, staff plan to prepare a series of written updates for the full City Council over the next two months in preparation for the fall budget revision. Staff are seeking Committee Members' feedback on the context and cadence of these updates, as well as the schedule of information reports for the Committee.

BACKGROUND & DISCUSSION

As part of the FY 25-26 budget adoption, Council directed staff to return for a fall revision with a proposal that reduces or eliminates the deficit for the fiscal year. Since June, staff have intensively analyzed the City's finances to better understand the deficit and evaluate potential cost saving strategies. Through this analysis, staff have found that the financial picture is worse than what was presented in the adopted FY 25-26 budget. Staff have communicated this new picture to the City Council and the community.

In light of the City's financial situation, staff plan to prepare a series of written updates for the full City Council over the next two months in preparation for the fall budget revision. Staff are seeking Committee Members' feedback on the context and cadence of these updates. Below is an initial list. Staff will share a more comprehensive proposal at the September 17, 2025, meeting for discussion.

Initial list of written updates:

- By September 30:
 - Measure C update

- FY26 First quarter salary & benefits expenditure trends
- By October 15:
 - FY25 unaudited summary of general fund
 - Summary of funds that are supported by transfers from the general fund
 - FY26 First quarter supplies & services expenditure trends
- By October 30:
 - Quarterly general fund revenue update

In addition to the list above, staff prepare annual informational reports for the Committee for oversight and transparency. Staff are suggesting the following informational reports, which are in line with what has been presented to the Committee in past years. Staff are seeking Committee Members' feedback on this suggested calendar.

DATE	SUGGESTED TOPICS (subject to change)
October 15, 2025	<ul style="list-style-type: none"> • City Benefit Liabilities and Funding Plan • Water Minimum Purchase Quantities (Report from Director of Public Works & Utilities)
November 19, 2025	<ul style="list-style-type: none"> • FY 2025 Annual Audit Process (Presentation by External Auditor)
December 17, 2025	<ul style="list-style-type: none"> • Fall Review Debrief • Mid-Year and FY 2027 Budget Process and Calendar Review
January 21, 2026	<ul style="list-style-type: none"> • Investment Portfolio Review (Presentation by External Investment Manager)
February 18, 2026	<ul style="list-style-type: none"> • General Fund Long-Range Financial Model Update
March 18, 2026	<ul style="list-style-type: none"> • FY 2026 Mid-Year Budget Review
April 15, 2026	<ul style="list-style-type: none"> • FY 2027 Proposed Budget Discussion, including the Mayor & City Council's Budget
May 20, 2026	<ul style="list-style-type: none"> • <i>TBD</i>
June 17, 2026	<ul style="list-style-type: none"> • FY 2027 Budget Debrief
July 15, 2026	<ul style="list-style-type: none"> • <i>Council Recess</i>
August 19, 2026	<ul style="list-style-type: none"> • <i>TBD</i>
September 16, 2026	<ul style="list-style-type: none"> • Review of City Issued Debt

Recommended by: Mary Thomas, Assistant City Manager

Approved by:

J. Addleman

Jayanti Addleman, Interim City Manager