



FY 2025/26 Mid-Year Budget Adjustment Requests & 2nd Quarter Forecast

03/03/2026

Purpose of Today's Presentation

- Share mid-year budget adjustment requests
- Explain why they are needed
- Show how they are paid for
- Review the Second Quarter forecast
- Confirm the City can afford the requests and maintain services



What Is a Mid-Year Budget Adjustment



Updates the budget during the fiscal year



Addresses urgent or unexpected needs



Covers items not known at budget adoption



Uses available funding sources



Helps maintain service continuity

FY 2025–26 Mid-Year Requests Overview

- Supports safety, services and infrastructure
- Items are one-time expenses
- Funded by fund balance or grants
- Helps avoid service reduction
- Total Requests: \$1.47M
 - \$0.53M Infrastructure
 - \$0.50M Grants
 - \$0.44M Special Revenue



Infrastructure Fund Requests - \$530,000

Infrastructure Fund			
Fund/Department	Amount	Funding Source	Justification
Community & Library Services	\$390,000	Fund balance reserves from fund 314.	Funding for Newland House Museum renovations addressing hazardous materials and preservation issues identified during inspection.
Public Works	140,000	Fund balance reserves from fund 314.	Supports inspection services to maintain facilities and permit-backed projects.
Infrastructure Fund Total	\$530,000		



Grant Fund Request - \$499,000

Grant Fund			
Fund/Department	Amount	Funding Source	Justification
Community Development	\$499,000	Completely offset with additional grant funding.	Appropriations are needed for the California Coastal Commission Local Coastal Program Planning Grant, approved on resolution 2023-20.
Grant Fund Total	\$499,000		



Special Revenue Funds Requests - \$441,993

Special Revenue Funds			
Fund/Department	Amount	Funding Source	Justification
Police	\$310,000	Fund balance reserves from funds 212, 214 & 242.	Supports turbine wheels, spotlight replacement, inspections, investigative software, and overtime, supporting airship readiness, crew safety, and narcotics enforcement.
City Manager	81,993	Fund balance reserves from fund 243.	Additional funding is needed to replace aging and failing audio-visual infrastructure that has begun disrupting publicly noticed meetings.
Community & Library Services	50,000	Fund balance reserves from fund 226.	Funds are needed to ground playground equipment because of overhead Edison electrical lines.
Special Revenue Funds Total	\$441,993		



FY 2025/26 Second Quarter General Fund Forecast Overview

- Based on year-to-date results
- Includes full-year projections
- Revenues tracking above budget
- Spending closely managed
- Shows sufficient funds to cover costs



General Fund Revenues

Description	FY 2025/26 Adopted Budget	FY 2025/26 Revised Budget	FY 2025/26 Forecast	Revised to Forecast Variance	Revised to Forecast % Variance
Taxes	216,512,986	216,512,986	216,042,424	(470,562)	-0.22%
Revenue from Other Agencies and Charges for Services	37,917,297	38,242,508	41,399,885	3,157,377	8.26%
Fines & Forfeitures and Use of Money & Property	28,987,545	28,990,745	30,140,722	1,149,977	3.97%
License & Permits	9,974,645	10,135,317	10,511,744	376,427	3.71%
Other Revenue and Non- Operating Revenue	6,709,395	6,709,395	10,025,662	3,316,267	49.43%
Grand Total	300,101,868	300,590,951	308,120,437	7,529,486	2.50%



General Fund Expenses

Description	FY 2025/26 Adopted Budget	FY 2025/26 Revised Budget	FY 2025/26 Forecast	Revised to Forecast Variance	Revised to Forecast % Variance
Personnel	202,886,962	203,680,462	198,862,229	(4,818,233)	-2.37%
Operating	54,517,629	64,394,978	67,114,119	2,719,141	4.22%
Non-Operating Expenses	42,111,081	42,111,081	42,092,200	(18,881)	-0.04%
Grand Total	299,515,672	310,186,521	308,068,548	(2,117,973)	-0.68%



Key Takeaways

- Requests support safety, services, and infrastructure
- Adjustments are one-time costs
- Funded with existing funds and grants
- City can afford these requests
- Services will continue without disruption



Questions?

