



Pasadena

# Continued Public Hearing for the Presentation and Adoption of the Fiscal Year 2025-26 Operating Budget

Matthew Hawkesworth  
Finance Director

City Council Meeting – Item 14  
June 16, 2025

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# General Fund – Proposed FY 26

	December 2024	Proposed FY 25-26
Tax Revenues	\$274,585,826	\$273,875,007
Other Revenues	56,308,747	58,280,513
Contributions/Other Funds	20,140,438	30,640,438
<b>Total Revenues</b>	<b>351,035,011</b>	<b>362,795,958</b>
Personnel	228,380,604	231,753,822
Debt Service	12,323,966	12,323,128
Contrib. to Other Funds	14,637,895	14,427,375
Other Expenses	100,845,349	102,952,928
<b>Total Expenses</b>	<b>356,187,814</b>	<b>361,457,253</b>
<b>Operating Income/(Loss)</b>	<b>(5,152,802)</b>	<b>1,338,705</b>



# General Fund Proposed Changes

## ➤ Fire:

- \$100k – Increased uniform costs
- \$200k – Increased Turnout/PPE costs
- \$303k – PORT Firefighter Funding – Expiring grants
- \$167k – Partial year of 1 new Battalion Chief FTE

## ➤ Public Health:

- \$255k - Health Officer – 0.75 FTE



# General Fund Proposed Changes

- Public Works:
  - \$116k – Partial funding of three FTEs also funded by CIP or Refuse funds. Includes a Code Compliance Officer, Management Analyst 1 reclassification from part-time Administrative Specialist, and one Engineer for Measure R projects in CIP.
  - \$52k – Increased Forestry and Graffiti supplies/PPE costs
- City Attorney - CPOC:
  - \$25k – Increase to new IPA contract



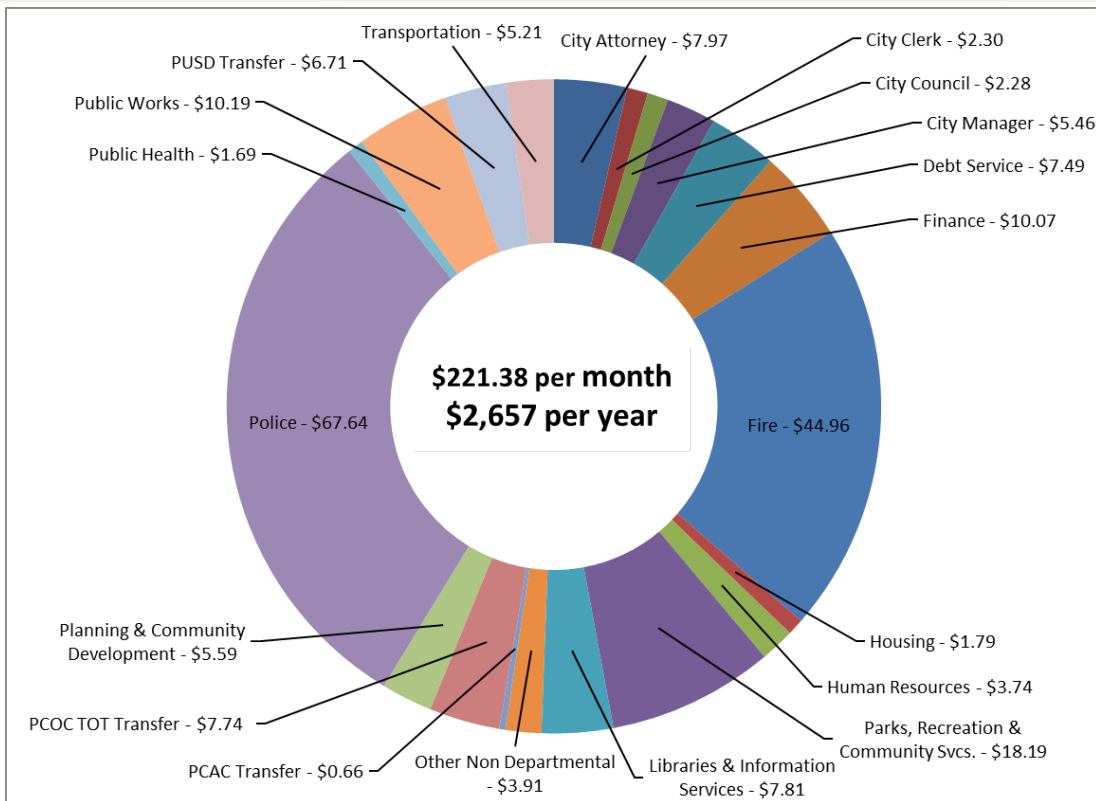
# General Fund – Proposed FY 26

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<b>Total Expenses</b>	<b>361,457,253</b>
Proposed Changes	<b>1,218,000</b>
<b>Operating Income/(Loss)</b>	<b>120,705</b>

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# General Fund by Department per Resident



## Percentage of General Fund Operating Exp.

	FY 26	FY 19
City Attorney	3.60%	2.80%
City Clerk	1.04%	1.16%
City Council	1.03%	1.02%
City Manager	2.47%	2.17%
Debt Service	3.38%	5.52%
Finance	4.55%	4.38%
Fire	20.31%	19.52%
Housing	0.81%	0.53%
Human Resources	1.69%	1.82%
Parks, Recreation & Community Svcs.	8.21%	4.49%
Libraries & Information Services	3.53%	4.68%
Other Non-Departmental	1.77%	1.56%
PCAC Transfer	0.30%	0.37%
PCOC TOT Transfer	3.49%	4.26%
Planning & Community Development	2.53%	3.13%
Police	30.55%	31.38%
Public Health	0.76%	0.00%
Public Works	4.60%	8.76%
PUSD Transfer	3.03%	0.00%
RBOC Transfer	0.00%	0.00%
Transportation	2.35%	2.46%
	100.0%	100.0%

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FY 2026 Recommended Operating Budget

# OPPORTUNITY FOR ONE-TIME REVENUE AND USES

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# Proposed One-Time Expenditures

- Fire:
  - \$200k - Purchase/outfit vehicle for new Battalion Chief
- PRCS:
  - \$200k - Replace outdated equipment outside of the equipment replacement schedule
- Housing:
  - \$228k - Offset Community Development Block Grant (CDBG) funding shortfall for MASH program until program can be re-evaluated
  - \$75k - Fund Housing Rights Center, no longer eligible for CDBG

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# Proposed One-Time Expenditures

- Public Health:
  - \$160k – Fund Program Coordinator II – PORT & Violence Intervention, previously grant funded
  - \$300k – Increased funding of overhead not covered by grants
  - \$150k – Health Records System replacement grant match
- Police:
  - \$72k – Equipment to establish fleet repair at station



# Proposed One-Time Expenditures

- Public Works:
  - \$135k – Additional funding for tree planting/watering
  - \$280k – Hot Asphalt Truck for Pothole Repairs
- Planning:
  - \$200k – Eaton Fire contract services for rebuild assistance
- Economic Development:
  - \$200k – 450 N. Lake process and Strategic Plan implementation



# Proposed One-Time Expenditures

- Capital:
  - \$4.3m – Street Resurfacing
    - Also add \$775k from SB1 revised estimates
  - \$2.1m – PD Ruggedized Laptop Replacements for Vehicle MDTs
    - Reduced purchase cost by \$500k
    - Annual cost for licensing and replacement plan estimated at \$850k starting FY 2027
  - \$1.5m – PD Dispatch Console Replacement



FY 2026 Recommended Operating Budget

# FEDERAL FUNDING AT RISK

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# Federal Funds at Risk

- ◆ Section 8 Housing Vouchers – Proposed reduction of 43%
  - ◆ Turn program into a block grant administer by states
  - ◆ Establish two-year time limits on rental assistance
  - ◆ FY 2025 Allocation - \$18,760,256
  - ◆ FY 2026 Proposed - \$10,693,345
  
- ◆ Section 108 Loan Guarantees – Proposed reduction of 100%
  - ◆ City has an outstanding loan that is repaid through CDBG funds.
  - ◆ Annual debt service of \$420,000
  - ◆ Debt Service reserve of \$440,000
  - ◆ Loan matures in 2035



# Federal Funds at Risk

- ◆ Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA), and Continuum of Care (CoC) – Proposed reduction of 13%
  - ◆ Consolidate three grant programs
  - ◆ Establish two-year time limits on rental assistance
  - ◆ ESG: FY 2026 allocation - \$161,696
  - ◆ HOPWA: FY 2026 allocation - \$298,830
  - ◆ CoC: FY 2026 allocation - \$6,489,316
  - ◆ Reductions proposed to begin in FY 2027



# Federal Funds at Risk

- ◆ HOME Investment Partnership – Proposed reduction of 100%
  - ◆ FY 2026 allocation - \$680,157
  - ◆ Reductions proposed to begin in FY 2027
  
- ◆ Community Development Block Grant (CDBG) – Proposed reduction of 100%
  - ◆ FY 2026 allocation - \$2,147,455
  - ◆ Reductions proposed to begin in FY 2027



# Federal Funds at Risk

- ◆ Epidemiology and Laboratory Capacity (ELC Supplemental) – Proposed reduction of 100%
  - ◆ FY 2026 allocation - \$994,794
  - ◆ Proposed termination effective March 24, 2025 (temporary restraining order issued March 31, 2025)
  - ◆ Supports infectious disease control and surveillance including healthcare associated infection prevention
- ◆ Public Health Emergency Preparedness (PHEP) – Proposed 100% elimination
  - ◆ FY 2026 allocation \$230,372
  - ◆ Additional \$691,116 through June 2029.
  - ◆ Supports public health emergency preparedness and response activities including staff exercise and training.

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# Federal Funds at Risk

- ◆ Mental Health Awareness Training (MHAT) – Proposed reduction is unclear
  - ◆ FY 2026 allocation - \$124,213
  - ◆ Support for mental health first aid and community resiliency model training to enhance city staff and nonprofit partner ability to identify mental health concerns in community members and refer them to appropriate resources.
- ◆ Foothill Workforce Development Board – Proposed reduction of at least 30% for Department of Labor grants.
  - ◆ FY 2026 allocation of total grants - \$3.64 million
  - ◆ Reductions proposed would begin in FY 2027
  - ◆ Turn program into a block grant administer by states



# Federal Funds at Risk

- ◆ City has more than \$30 million in outstanding loans through the CDBG and HOME programs.
  - ◆ No immediate financial impact to program elimination.
  - ◆ Likely that repayment funds would go to the federal government and not retained by the City for redeployment.
- ◆ Police receives several grants for equipment or special enforcement type activities such as DUI Checkpoints.
  - ◆ No funding reductions at this time.



# Summary of Federal Programs at Risk

## ◆ Elimination

- ◆ HUD – CDBG and HOME
- ◆ HHS – Community Services Block Grant and Low-Income Home Energy Assistance Program
- ◆ Water Reclamation Grants
- ◆ Economic Development Admin Grants
- ◆ Job Corps program
- ◆ Community Development Financial Institutions Program
- ◆ AmeriCorps
- ◆ National Endowments for Arts and Humanities grants
- ◆ Institute of Museum and Library Services grants



# Summary of Federal Programs at Risk

## ◆ Significant Reductions

- ◆ HUD – Homeless Assistance Programs restricted to emergency-type homeless assistance state block grants, eliminate CoC model
- ◆ HUD – Project-based Section 8 Rental Assistance, Tenant-Based Rental Assistance, Section 202 Elderly Housing, Section 811 Disabled Housing
- ◆ Workforce Development funding – combine 10 programs into state block grant with 26% reduction
- ◆ Drinking and Clean Water Revolving Loan Funds at EPA – convert to state block grant, reduce by 90%



FY 2026 Recommended Operating Budget

# FEES AND SUBSIDIES

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# Categories to Frame the Conversation

- ◆ Fees that were reduced due to COVID impacts and not increased.
- ◆ Fees that provide partial cost recovery.
- ◆ Subsidies that are not part of an annual fee schedule.
  - ◆ Fee waiver policies
  - ◆ Merchant processing fees



# Fees Reduced During COVID



PRCS

FEE	DESCRIPTION	FY 2025 ADOPTED FEE	FY 2020 (PRE-COVID FEE)	FY 2025 CURRENT FEE
	<b>PARKS, RECREATION, and COMMUNITY SERVICES</b>			
	<b>SPORTS &amp; YOUTH ENRICHMENT PROGRAMS</b>			
	<b>Day Camp Weekly Fee</b>			
1396	Resident	\$10.00 - \$200.00	\$100.00	\$25.00
1397	Non-Resident	\$102.50 to \$300.00	\$200.00	\$200.00
	<b>Neighborhood Outdoor Camps</b>			
1402	Neighborhood Outdoor Camp			
	Resident	\$0 - \$50	\$50.00	\$10.00
	Non-Resident	\$37 - \$75	\$100.00	\$75.00
1403	Recreation Programming (Youth/Adult Sports Programs and Leagues, Recreation Classes, etc.)****			
	Resident	\$0 to \$125	\$60/\$65	\$10.00
	Non-Resident	\$0 to \$250	\$85/\$95	\$85/\$95
	<b>After School Adventures Program*****</b>			
1404	After School Program Weekly Fee	\$10.00 - \$30.00	\$30.00	\$15.00
1408	After School Adventures Program Before School Care Weekly Fee	\$5.00 - \$15.00	\$15.00	\$10.00
1421	Four (4) 50-Minute Lessons – Youth (Ages 17 and Younger)			
	Resident	\$10.00 - \$50.00	\$50.00	\$30.00
	Non-Resident	\$65.00	\$65.00	\$65.00



# Fees with Partial Cost Recovery

## ◆ Parks, Recreation & Community Services – Prior Recovery Targets

Programming/Lines of Service	Benefit Level	Classification	Pricing Strategy	Recommended Total Cost Recovery
Adaptive and Inclusive Recreation	Community	Essential	General Fund	0-20%
After school	Community	Essential	General Fund	0-20%
Enrichment	Individual	Value Added	User Fees	80-100%
Health & Fitness	Individual	Value Added	User Fees	80-100%
Outdoor Recreation	Individual	Value Added	User Fees	80-100%
Permitting	Individual	Value Added	User Fees	80-100%
Seasonal	Individual	Value Added	User Fees	80-100%
Special Events	Merit	Important	General Fund/User Fees	20-80%
Sports	Merit	Important	General Fund/User Fees	20-80%

## ◆ Building/Plan Check/Planning Fees:

- ◆ Planning fees related to Single Family Residential and historic properties, get 50% reduction of all entitlements.
- ◆ Initial inspection, presale inspection/completion, STR permits, historic resource evaluation, certificate of appropriateness, and landmark applications are significantly subsidized, sometimes at 100%.





# Fees with Partial Cost Recovery

## ◆ Public Health

- ◆ Vital Record fees are set by the State. Those fees only cover about 64% of operating costs.

## ◆ Transportation

- ◆ PLF Garage Valet Fees on FY 2026 increase list.
- ◆ Occupancy-based parking meter rates approved by Council in FY 2025.
- ◆ Updated to South Lake, Shopper's Lane, Playhouse District, and City-owned parking garages have all been adjusted in the past couple of years.
- ◆ Reductions or suspensions of fees were put in place temporarily during early part of COVID 19, and for the Eaton Fire.



## Fee Information

- Recent cost of service studies - Fire Dept: EMS fees completed in FY25, Prevention Bureau completed in FY24. Public Health annually adjusts groups of fees.
- Future cost of service studies - Finance Dept (False Alarm fees scheduled for FY26), Fire Dept (Prevention Bureau update within next three years)
- Departments recognize the need to plan for cost-of-service studies to assess if their current fees are achieving the desired goal of full cost recovery.



# Subsidies Outside of Fee Schedules

## ◆ Fee Waiver Policies

- ◆ PRCs provides for waiver of facility rental fees for Pasadena Nonprofits or other government entities.

- Sports Users are the largest discount at more than \$1m per year.
- Nonprofit Facility Use Rental Fee Waivers. FY 25 - \$100k.

## ◆ PMC 3.24.030.E – Parks and Public Grounds

- ◆ ..The responsible administrative official (PRCS and PW Directors) may allow free use of any facility under that person's jurisdiction where the user is a local civic or patriotic organization. The city may charge any such user any insurance policy charges pertaining to the use of the premises and for city's expenses in conditioning or reconditioning the facility before or after its use. The city may also charge any user direct city staff costs for opening, closing and/or supervising activities at the facility.



# Subsidies Outside of Fee Schedules

- ◆ Youth Sports League Discounts
  - ◆ Must show 60% Pasadena residents (including PUSD students) on the roster.
  
- ◆ Co-Sponsorship/Fee Waiver eligibility
  - ◆ 501(c)3 in good standing that provides broad-based community benefit or provides direct services or funds in Pasadena in value at least of what is being waived.
  - ◆ A community group that provides broad-based community benefit hosting an event that is not for profit.
  - ◆ A recognized neighborhood association.



# Subsidies Outside of Fee Schedules

- ◆ Merchant Processing Fees (Credit Card Fees)
  - ◆ Utilities - \$2.1m
  - ◆ Building Permits Fund - \$500,000+
  - ◆ General Fund - \$250,000+
  
- ◆ Current transaction limit of \$50,000 to use a credit card.
- ◆ The City has a contractual cost of 2.65% with merchant processors.
- ◆ The City has a contractual cost of \$0.50 per transaction for processing e-check or ACH withdrawals.
- ◆ More entities, public and private, are passing along merchant fees to the payee when offering e-check or ACH payment as additional payment options.