



Pasadena

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

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Finance Director

City Council Meeting - Item 11
May 5, 2025

PASADENA



General Fund 5-Year – 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
Total Revenues	351,035,011	362,795,958
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
Total Expenses	356,187,814	361,457,253
Operating Income/(Loss)	(5,152,802)	1,338,705



Proposed FY 26 Changes

➤ Key Revenue Changes:

- Full 12% GFT per Charter requirement - \$10.5m
- Additional EMS Revenue - \$750k (pending Council approval of revised fees)
- Decreased Sales Tax – (\$850k)

➤ Key Expenditure Changes:

- Salary & Pension increase - \$2.35m
- OT/Comp Time Payoff - \$1.0m
- Fleet Funding Increase from Audit - \$1.785m



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 3 FTEs also funded by CIP or Refuse funds. Includes a Code Compliance Officer, Management Analyst 1 reclassification from part-time Admin. Specialist, and 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 5-Year – Proposed FY 26

	Proposed FY 25-26
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Other Revenues	58,280,513
Contributions/Other Funds	30,640,438
Total Revenues	362,795,958
Personnel	231,753,822
Debt Service	12,323,128
Contrib. to Other Funds	14,427,375
Other Expenses	102,952,928
Total Expenses	361,457,253
Proposed Changes	1,218,000
Operating Income/(Loss)	120,705

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FY 2026 Recommended Operating Budget

OPPORTUNITY FOR ONE-TIME REVENUE AND USES

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Opportunity for One-Time Revenue

- ◆ City held the Light & Power Fund GFT at \$18m for FY 2025.
- ◆ FY 2024 ended positively for the Light & Power Fund.
- ◆ Presents an opportunity/requirement to take the full 12% GFT in FY 2024-25 per the Charter.
 - ◆ \$10.6 million in additional funds in FY 2025 that could support one-time expenditures.



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 CDBG funding shortfall for MASH program until program can be re-evaluated
- \$75k - Fund Housing Rights Center, no longer eligible for CDBG



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
 - \$2.6m – PD Ruggedized Laptop Replacements for Vehicle MDTs
 - \$1.5m – PD Dispatch Console Replacement
- Proposed One-Time Expenditures totals \$10,600,200



FY 2026 Recommended Operating Budget

WHAT ARE WE NOT FUNDING?

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What are we not funding?

- Fire - 3 Battalion Chiefs – one per shift and two new vehicles. Total annual cost of \$1.3m and \$420k one-time.
- Fire – Preventative physical therapy and training consultant - \$100k
- Police – 2 Forensic Specialists FTEs – due to increased work volume and shift needs. Annual cost of \$240k
- Police – Increase contract services for mental health and counseling services - \$300k
- Police – Add Critical Performance Unit support for Continuing Progression Training for Police Officers - \$300k



What are we not funding?

- Police – Unmanned drone lease - \$250k
- Police – Active Intelligence Center
 - Capital costs - \$2.5m (Discretionary spending request submitted)
 - Software Licensing (annual) - \$190k
 - Staffing for 4 FTEs after buildout - \$500k estimate
- Human Resources – HR Analyst to assist with labor relations and classification work - \$150k
- Human Resources – Furniture replacement - \$125k



What are we not funding?

- Public Health – Program Coord. II to develop and lead public health climate impact, sustainability, and resiliency programming - \$160k
- Public Health – Customer Svc. Rep. III for case management for the violence interruption program - \$98k
- Public Health – Deputy Director to add this position back, no grant funding to support - \$277k
- Public Health – Additional part-time Health Inspectors for weekend or afterhours enforcement - \$100k
- Public Works – Office Assistant for Street Maintenance Division - \$81k



What are we not funding?

- Economic Development – Management Analyst I – Reclassify existing part-time position - \$46k
- Economic Development – Additional Strategic Plan implementation beyond what is recommended - \$244k
- Public Information – Admin. Intern (paid) - \$38k
- Finance – Collections System upgrades - \$10k
- City Attorney – Additional Outside Legal. Plan to fund through General Liability Fund/Program - \$1.5m
- City Attorney – Homeless Court - \$750k - \$1m annually



FY 2026 Recommended Operating Budget

WHAT OTHER FUNDS ARE GENERAL FUND RELATED?

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What Other Funds are General Fund Related?

- Library Fund – The Library Special Tax requires a minimum level of General Fund annual support but can be offset by available funds in the Library Fund. FY 26 balance estimated at \$12m.
- Fleet Replacement Fund – Funded by annual charges to each department that contributes to the fund. Most of the fund balance in this fund is derived from General Fund contributions from Fire, Police, Parks, Recreation, and Public Works.
 - Fund balance insufficient to replace current fleet with Zero Emission. GF increased funding of \$925k in FY 2026 Recommended Operating Budget.
- DoIT Equipment Replacement – Funded by annual charges to every department that contributes to the fund. CIP Reserve of \$2.7m is equal to the current need and has allowed timely network and personal use device replacement.



What Other Funds are General Fund Related?

- Building Services Fund – Funded by annual service charges to departments. This year's proposed budget includes some spending of this on projects such as the roof replacements on City buildings. Projected FY 2026 balance is \$5.0m
- Workers Compensation Fund – Funded by charges based on payroll charges to each fund. This fund has a positive cash fund balance of approximately \$14 million, which is inline with policy decisions and supports the outstanding Liability Claims Payable based on actuarial studies of \$44 million.
- Section 115 Trusts for Pension and OPEB. The principal funds deposited were from the General Fund. This funds could be draw in any year to offset current pension or OPEB obligations.



General Fund Reserves

- General Fund Reserve is comprised of two parts:
 - Operating Reserve – 5% of Annual Expenditures
 - \$16.184m
 - Emergency Reserve – 15% of Annual Expenditures
 - \$48.552m
- The City also has the Section 115 Trust for Pension and OPEB Benefits
 - \$13.75m and \$2.605m respectively as of 3/31/25.



Priority Category Examples

(Alphabetical)

- ADU construction incentives
- Climate Change/Sustainability initiatives
- Code Enforcement (Illegal vending/gas blowers)
- Economic development Strategic Plan implementation
- Emergency Preparedness/Enhanced Fire Prevention
- Homeless Prevention
- Homeless transition/temp housing
- Implement neighborhood specific plans
- Maintain Public Health programs when grants are terminated
- Mental health, crisis counseling, and related support for City personnel
- Modernize PD 911/record keeping/crime analysis (Active Intelligence Center)
- Offset any Federal Reductions with local funds
- Pedestrian and/or Bicycle safety
- Roadways/PCI improvements
- Senior programming (PRCS)
- Traffic Enforcement (PD)
- Urban forest - maintain or improve
- Youth programming (PRCS)



City Council Priority Discussion

The budget reflects past City Council decisions. It's time to review and ensure these align with today's needs.

- Which existing priorities need re-evaluation given current economic and community conditions?
- How can we establish a clear, transparent process for ongoing priority setting and adjustment?
- What criteria should guide decisions on program adjustments or reductions, if necessary? Such as:
 - Data-driven decisions made by policy or City Council action
 - Explore potential for partnerships and contracting out services
 - Evaluate the effectiveness and sustainability of current program subsidies and delivery models
- Suggested framework for evaluating priorities: (a) Impact on the community, (b) Alignment with City Council goals, and (c) Financial sustainability.

