

Agenda Report

February 23, 2026

TO: Honorable Mayor and City Council
THROUGH: Finance Committee
FROM: Department of Finance
SUBJECT: **APPROVE AMENDMENTS TO FISCAL YEAR 2026 ADOPTED OPERATING BUDGET**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action herein is not a “project” subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 21065 and within the meaning of Section 15378(b); and
2. Approve amending the Fiscal Year (FY) 2026 Adopted Operating Budget as detailed in the following report and increasing the Citywide total Full-Time Equivalents (FTEs) by 1.0 permanent FTE.

BACKGROUND:

Throughout the fiscal year, budgetary adjustments are necessary to account for unanticipated changes to the adopted budget. These revenue and appropriation amendments are presented to the City Council for consideration. This agenda report includes proposed amendments to the FY 2026 Operating Budget as adopted by the City Council on June 16, 2025.

Proposed Budget Amendments

1. **Pasadena Police Department Carry-Forward of FY 2025 Purchase Orders and Grants** – The Police Department recommends recognizing revenue of \$275,928 and appropriating \$610,633 to carry forward four purchase orders and three grants from FY 2025 to FY 2026 in the General Fund (101) and the Asset Forfeiture Fund (207) as detailed in Attachment A. These were inadvertently omitted from the FY 2026 First Quarter Clean-up Report. The recommended appropriations represent contractual obligations where goods or services were ordered in FY 2025 but will not be received until FY 2026, including new vehicles and grants.

2. **Public Works Department Budget Adjustments** – The Public Works Department recommends appropriating \$228,894 from the unappropriated fund balance in the General Fund Projects Fund (105) and \$445,000 from the unappropriated fund balance in the Sewer Construction and Maintenance Fund (205). These actions are detailed below:
 - a. **Emergency Sewer Reconstruction/Repairs** – The Department recommends appropriating \$355,000 in the Sewer Construction and Maintenance Fund (205) to be prepared for future emergency sewer reconstruction and/or repairs, as well as provide timely response to sewer spills. Staff will award two on-call contracts to provide this service.
 - b. **Eaton Fire Equipment Replacement** – The Department recommends appropriating \$228,894 in the General Fund Projects Fund (105) for the replacement of four Graffiti vehicles (\$159,650) and pressure washer equipment (\$69,244) that were lost during the Eaton Fire. This action will be funded by insurance claim proceeds.
 - c. **National Pollutant Discharge Elimination System (NPDES) Inspection** – The Department recommends appropriating \$90,000 in the Sewer Construction and Maintenance Fund (205) to cover the cost of NPDES inspection services provided by John L. Hunter & Associates. There are sufficient funds for this service from the collection of the NPDES Combined Fats, Oils, and Grease (FOG) Inspection Fee and the NPDES Annual Inspection Fee Revenues, which are part of the City's General Fee Schedule. The Department has collected approximately \$91,000 in total during the prior fiscal year.
3. **Pasadena Fire Department Fleet Replacement** – The Fire Department recommends appropriating \$357,684 from the unappropriated fund balance in the Fleet Replacement Fund (503) and decreasing the General Fund (101) appropriation by the same amount. This is to correct for an administrative oversight related to a carryforward during the FY 2026 First Quarter Clean-up process.
4. **Historic Resources Survey Phase II & III** – The Planning and Community Development Department recommends appropriating \$272,056 from the unappropriated fund balance in the General Fund (101) to re-budget funding for the City-Wide Historic Resource Survey. These funds have been carried forward previously and are necessary to complete Phase II of the Historic Resource Survey, which includes the reconnaissance survey phase, which is expected to be completed by the end of February 2026. Subsequently, the intensive level survey of eligible resources identified from the reconnaissance survey and public engagement, which is the final phase of the project, is scheduled to begin in March, with the final report to be completed and presented to the City Council by the end of the 2026 calendar year.
5. **Housing Department Budget Adjustments** – The Housing Department recommends aligning its revenue and expense budgets to correct for the staff

report on July 21, 2025, which provided incorrect account information for the recognition and appropriation of Housing Opportunities for Persons with AIDS (HOPWA) grant funds. This action will decrease the revenue estimate and appropriation in the Other Housing Fund (238) by \$100,000 and increase the revenue estimate and appropriation in the HOPWA Fund (226) by the same amount and for the same purpose.

6. **LA84 Foundation Grant** – The Parks, Recreation, and Community Services Department recommends recognizing and appropriating \$26,000 in the General Fund (101) for a two-year grant from the LA 84 Foundation that will support the City's youth soccer program.
7. **Public Information Office Position (1.0 Administrative Intern)** –The City Manager's Office recommends adding 1.0 FTE Administrative Intern in the Public Information Office (PIO) on an ongoing basis to support an increased outreach workload and supplement departments without PIOs. This cost will be offset by a reduction to consultant services in FY 2026. The total cost of this position in future years will be approximately \$53,000.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced by monitoring the FY 2026 Adopted Operating Budget and by implementing necessary budget amendments.

ENVIRONMENTAL ANALYSIS:

CEQA excludes, from environmental review, actions that are not "projects" as defined by CEQA Guidelines Section 21065 and within the meaning of Section 15378(b). Sections 21065 and 15378(b) define a project as an action which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Section 15378 excludes from the definition of "project" government fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. The actions proposed herein, amending the City's FY 2026 Operating Budget, are governmental fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and therefore is not a "project" as defined by CEQA. Since the action is not a project subject to CEQA, no environmental document is required.

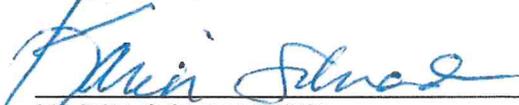
FISCAL IMPACT:

As detailed in the attached "Summary of Proposed 2nd Quarter FY 2026 Budget Amendments", approval of the proposed budget amendments will increase FY 2026 total authorized operating appropriations across multiple funds by \$1,582,583, which will be offset through increased revenues of \$301,928.

The General Fund's unappropriated fund balance will decrease by a net amount of \$125,996.

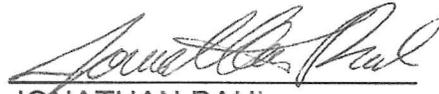
Full-Time Equivalents will increase overall by 1.00 permanent position in the General Fund.

Respectfully submitted,



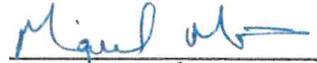
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Approved by:



MIGUEL MÁRQUEZ
City Manager

Attachment: (2)

- A) Police Department Carry-Forward of FY 2025 Purchase Orders and Grants
- B) Summary of Proposed 2nd Quarter FY 2026 Budget Amendments