Berkeley Homeless
Services Panel of Experts

SPECIAL MEETING AGENDA
May 21, 2025 – 7:00 PM
North Berkeley Senior Center, Juniper Room
1901 Hearst Ave., Berkeley, CA 94709

Mayor Ishii: Carole Marasovic	**Rashi Kesarwani:** Vacant	**Terry Taplin:** Denah S. Bookstein
Ben Bartlett: Paul Kealoha-Blake	**Igor Tregub:** Mary Ann Meany	**Shoshana O'Keefe:** Vacant
Brent Blackaby: Steven Segal	**Cecilia Lunaparra:** Donnell Jones - Chair	**Mark Humbert:** Alan Levy

Josh Jacobs, Homeless Services Coordinator, Homeless Services Panel of Experts
Staff Secretary, jjacobs@berkeleyca.gov, 510.225.8035

All items are for discussion and possible action.

1. Roll Call
2. Reading of the Land Acknowledgment
3. Approval of the Agenda
4. Approval of Minutes from May 7, 2025
5. Public Comment on Non-Agenda Items *(up to 2 min. per speaker to make comments or present questions regarding items not on the agenda. No discussion from the panel is permitted at this time)*

Action Items:

6. Scott Gilman, City of Berkeley Housing, Health and Community Services director, to discuss possible flexibility with current streams of funding for homeless services with Q and A. Discussion and possible action.
7. Possible letter recommending that Council prioritize Housing Retention monies as a necessity through Measure P, U-1 or the General Fund in the budget process. Discussion and possible action.
8. Measure P funding recommendations for current budget process. Discussion and possible action.
9. Possible letter of recommendation addressing displacement of homeless persons in Ohlone Park and other locations without an identified location for them to relocate. Discussion and possible action.

Updates:

10. Public Comment on Agenda Items *(up to 2 minutes per speaker to present concerns or questions regarding items on the agenda. No discussion permitted)*
11. Commissioner Reports *(up to 5 minutes allotted to each commissioner to speak about updates, concerns, projects, questions, or to request items to be added to the next meeting's agenda. No discussion permitted)*
12. Chair Report *(up to 5 minutes for chair to provide general updates and relay communication from city council or other committees)*
13. Adjourn

Attachments:

1. May 7, 2025 Minutes.
2. Land Acknowledgement Statement.
3. Measure U1 Forecast.
4. FY26 Mid-Biennial Budget Update.
5. Revenue Projection Report for FY2025-2029.

Correspondence and Notice of Decision Requests:

Deadlines for Receipt:
A) Supplemental Materials must be received by 5 PM the day before the meeting.
B) Supplemental Communications must be received no later than noon the day of the meeting.

Procedures for Distribution:
A) Staff will compile all Supplemental Materials and Supplemental Communications received by the deadlines above into a Supplemental Packet, and will print 15 copies of this packet for the Commission meeting.
B) For any Supplemental Material or Communication from a Commissioner received after these deadlines, it is the Commissioner's responsibility to ensure that 15 printed copies are available at the meeting. Commissioners will not be reimbursed for any printing or materials expenses.
C) Staff will neither print nor distribute Supplemental Communications or Materials for subcommittee meetings.

Procedures for Consideration:
A) The Commission must make a successful motion to accept and receive all Supplemental Materials and Communications into the record. This includes the Supplemental Packet compiled by staff.

B) Each additional Supplemental Material or Communication received by or before the meeting that is not included in the Supplemental packet (i.e., those items received after the respective deadlines above) must be individually voted upon to be considered by the full Commission.

C) Supplemental Materials subject to a Commission vote that are not accepted by motion of the Commission, or for which there are not at least 15 paper copies (9 for each Commission seat, one for staff records, and 5 for the public) available by the scheduled start of the meeting, may not be considered by the Commission.

****Supplemental Materials** are defined as any items authored by one or more Commissioners, pertaining to an agenda item but available after the agenda and packet for the meeting has been distributed, on which the Commission is asked to take vote at the meeting. This includes any letter to Council, proposed Council* *report, or other correspondence on behalf of the Commission for which a full vote of the Commission is required.*

*****Supplemental Communications** are defined as written emails or letters from members of the public or from one or more Commissioners, the intended audience of which is the full Commission. Supplemental Communications cannot be acted upon by the Commission, and they may or may not pertain to agenda items.*

Any writings or documents provided to a majority of the Commission regarding any item on this agenda will be made available for public inspection at Health, Housing & Community Services Department located at 2180 Milvia Street, 2nd Floor.

***Public Comment Policy**:*
Members of the public may speak on any items on the Agenda and items not on the Agenda during the initial Public Comment period. Members of the public may not speak more than once on any given item. The Chair may limit public comments to 3 minutes or less.

COMMUNITY ACCESS INFORMATION
ADA Disclaimer "This meeting is being held in a wheelchair accessible location. To request a disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact the ADA Program Coordinator at 510-981-6418 (V) or 510-981-6347 (TDD) at least three business days before the meeting date. Please refrain from wearing scented products to this meeting."

Communications to Berkeley boards, commissions or committees are public record and will become part of the City's electronic records, which are accessible through the City's website. Please note: e-mail addresses, names, addresses, and other contact information are not required, but if included in any communication to a City board, commission or committee, will become part of the public record. If you do not want your e-mail address or any other contact information to be made public, you may deliver communications via U.S. Postal Service or in person to the secretary of the relevant board, commission or committee. If you do not want your contact information included in the public record, please do not include that information in your communication. Please contact the secretary to the relevant board, commission or committee for further information. The Health, Housing & Community Services Department does not take a position as to the content.

Berkeley Homeless
Services Panel of Experts

MEETING MINUTES

May 7, 2025

1. **Roll Call:** 7:02 PM

   Present: Marasovic, Segal, Meany, Bookstein, & Kealoha-Blake (absent until 7:12).
   Absent: Jones (Leave of Absence).
   Staff: Jacobs.
   Council: None.
   Public: 3.

2. Reading of the Land Acknowledgement

3. Approval of the Agenda

   Action: M/S/C Marasovic/Meany move to amend the agenda so that item 6 is moved to item 12 and item 12 is moved to item 6.

   Vote: *Ayes:* Marasovic, Meany, Segal, & Bookstein.
   Noes: None. *Abstain:* None. *Absent:* Kealoha-Blake, Jones (Leave of Absence).

4. Approval of Minutes from March 5, 2025

   Action: M/S/C Meany/Bookstein move to approve the minutes as written.

   Vote: *Ayes:* Marasovic, Meany, Segal, & Bookstein.
   Noes: None. *Abstain:* None. *Absent:* Kealoha-Blake, Jones (Leave of Absence).

5. Public Comment on Non-Agenda Items (up to 2 min. per speaker to make comments or present questions regarding items not on the agenda. No discussion from the panel is permitted at this time)
   - Comments from the public: 0

Action Items:

6. Election for HSPE Vice-Chair. Discussion and possible action

   Action: M/S/C Marasovic/Meany move to elect Carole Marasovic to Vice Chair.

Vote: *Ayes:* Marasovic, Meany, & Kealoha-Blake.
Noes: None. *Abstain:* Segal & Bookstein. *Absent:* Jones (Leave of Absence).

7. Discussion and possible action on complaint regarding alleged safety hazards at Insight Housing shelter temporarily located at 4300 San Pablo Ave in Emeryville.

   Discussion; no action taken.

8. Preliminary Discussion on Measure P Funding in the Upcoming Budget Process, including community agency funding allocations; identification of long-term funding commitments and areas of potential flexibility; consideration of alternative billing strategies (e.g., CalAIM); and exploration of possible adjustments to allocations. Discussion and possible action.

   Discussion; no action taken.

9. Discussion on Alternative Sites for Homeless Services Review of the recent Council item on establishing an additional site to address homelessness. Discussion and possible action.

   Discussion; no action taken.

10. Discussion on Housing Retention Monies and Funding Sources including updates on Berkeley Emergency Housing Vouchers not reauthorized by Congress and identifying potential sources of funding (Measure P, General Fund, Measure U1) for continued tenancy support and collaboration with the Berkeley Housing Authority. Discussion and possible action.

    Discussion; no action taken.

11. Scheduling of Special HSPE Meeting in May 2025 from the following options: Thursday, May 15; Monday, May 19; Wednesday, May 21. Discussion and possible action.

    Action: M/S/C Marasovic/Bookstein move to schedule a replacement meeting for the April regular meeting on Wednesday, May 21, 2025, from 7:00-9:00 PM at the North Berkeley Senior Center.

    Vote: *Ayes:* Marasovic, Meany, Segal, Bookstein, & Kealoha-Blake.
    Noes: None. *Abstain:* None. *Absent:* Jones (Leave of Absence).

12. Discussion and possible action on adopting the HSPE Bylaws.

    Discussion; no action taken.

Updates:

13. Public Comment on Agenda Items *(up to 2 minutes per speaker to present concerns or questions regarding items on the agenda. No discussion permitted)*
    - Comments from the public: 3

14. Commissioner Reports *(up to 5 minutes allotted to each commissioner to speak about updates, concerns, projects, questions, or to request items to be added to the next meeting's agenda. No discussion permitted)*

15. Chair Report *(up to 5 minutes for chair to provide general updates and relay communication from city council or other committees)*

16. Adjourn

Meeting adjourned at 9:00 PM.

Minutes Approved on: __________________________

Josh Jacobs, Commission Secretary: ______________________________

Land Acknowledgement Statement

The City of Berkeley recognizes that the community we live in was built on the territory of xučyun (Huchiun (Hooch-yoon)), the ancestral and unceded land of the Chochenyo (Cho-chen-yo)-speaking Ohlone (Oh-low-nee) people, the ancestors and descendants of the sovereign Verona Band of Alameda County. This land was and continues to be of great importance to all of the Ohlone Tribes and descendants of the Verona Band. As we begin our meeting tonight, we acknowledge and honor the original inhabitants of Berkeley, the documented 5,000-year history of a vibrant community at the West Berkeley Shellmound, and the Ohlone people who continue to reside in the East Bay. We recognize that Berkeley's residents have and continue to benefit from the use and occupation of this unceded stolen land since the City of Berkeley's incorporation in 1878. As stewards of the laws regulating the City of Berkeley, it is not only vital that we recognize the history of this land, but also recognize that the Ohlone people are present members of Berkeley and other East Bay communities today. The City of Berkeley will continue to build relationships with the Lisjan Tribe and to create meaningful actions that uphold the intention of this land acknowledgement.

Measure U1 Budget and Forecast

#		FY 2024 Actuals	FY 2025 Adopted	FY 2025 Projected	FY 2026 Adopted	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate
	Revenues								
	Beginning Fund Balance	**$14,800,640**	**7,399,686**	**7,399,686**	**7,722,569**	**7,722,569**	**569,283**	**7,069,283**	**13,569,283**
	ADD: U1 Fund Balance transferred from the General Fund								
	ADD: Revenues	**6,844,565**	**6,500,000**	**6,500,000**	**6,500,000**	**6,500,000**	**6,500,000**	**6,500,000**	**6,500,000**
	Total Revenues and Available Fund Balance	**21,645,205**	**13,899,686**	**13,899,686**	**14,222,569**	**14,222,569**	**7,069,283**	**13,569,283**	**20,069,283**
	LESS: Budgeted Total Expenses	**14,245,519**	**6,142,668**	**6,177,117**	**5,798,189**	**5,798,189**			
	LESS: Unbudgeted Total Expenses					**7,855,097**	**5,772,302**	**5,880,917**	**5,994,963**
	Personnel Costs [2]	*811,199*	*1,978,930*	*1,852,644*	*2,068,859*	*2,062,254*	*2,172,302*	*2,280,917*	*2,394,963*
	HHCS (Measure O/Housing Trust Fund, Staffing Study phase 1/2))	485,979	1,149,985	983,662	1,235,000	1,213,836	1,296,750	1,361,588	1,429,667
	HHCS Staffing Study Phase 2 [3]		411,593		411,593	411,593	432,173	453,781	476,470
	HHCS Staffing Study Phase 3						-	-	-
	Empty Homes Tax Staffing Costs & Admin Costs [4]	94,650		624,975					
	Finance (Rev Dev Position & Admin Costs)	230,570	417,352	244,007	422,266	436,825	443,379	465,548	488,826
	Non-Personnel and Other Program Costs	13,434,320	4,163,738	4,324,473	3,729,330	11,591,032	3,600,000	3,600,000	3,600,000
	Small Sites/Community Land Trusts								
1	1638 Stuart/Small Sites loan (BACLT) -Contract # 31900285	-	-		-		-	-	-
2	2321-2323 10th St. loan (NCLT) - Contract # 32100097		-		-	562,174	-	-	-
3	California Street			3,103,331					
4	1685 Solano / Small Sites (BACLT) pending request	250,000							
5	Small Sites Allocations (excludes Pproject specific commitments	-	-		-		-	-	-
6	Blake Apartments								
7	**Housing Trust Fund**	-	-		-		-	-	-
8	2001 Ashby predev (RCD) - Contract # 32000049	-	-		-		-	-	-
9	2527 San Pablo Ave (SAHA) - Contract pending	-	-		-		-	-	-
10	2012 Berkeley Way reserves (BRIDGE/BFHP) - Contract #32000250	3,023,365	-		-		-	-	-
11	Housing Trust Fund Program [7]						2,500,000	2,500,000	2,500,000
12	HTF Small Sites		2,500,000		2,500,000	2,500,000			
13	Additional funds for Small Sites		603,331		603,331				
14	MLK House			121,142		1,879,846			
15	1740 San Pablo					4,496,669			
16	Ephesians					499,012			
17	Housing Trust Fund Program allocations (exludes project specific commitments)					553,331			
18	"transfer" (NEW) allocation to the HTF								
	Development of New Housing Programs								
19	Capacity Building for Emerging Developers			200,000		200,000	200,000	200,000	200,000
20	Berkeley Unified School District Planning Grant	-	-		-		-	-	-
21	New Housing Programs/Land Trust/Coops	48,455	-		-		-	-	-
22	Review and Develop a Social Housing policy (Councilmember Taplin, Mayor Arreguin, Councilmembers Harrison and Hahn)	-	-		-		-	-	-
23	**Anti-Displacement**								
24	Rent Board (EDC & EBCLC)	-	550,000	550,000	550,000	550,000	550,000	550,000	550,000
25	East Bay Community Law Center (EBCLC)	-							
26	Housing Retention Program (EBCLC)	-							
27	Eviction Defense Center (EDC)	112,500	38,407	250,000		250,000	250,000	250,000	250,000

Measure U1 Budget and Forecast

		FY 2024 Actuals	FY 2025 Adopted	FY 2025 Projected	FY 2026 Adopted	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate
28	Housing Retention Program / Eviction Defense								
29	Flexible Housing Subsidy Pool (BACS)	-	100,000	100,000	75,999	100,000	100,000	100,000	100,000
	Additional City Priorities								
30	Berkeley Relief Fund	-	-		-		-	-	-
31	Landlord Incentives for Section 8 Participation	-	-		-		-	-	-
32	1001, 1011 University Ave. acquisition	-	-		-		-	-	-
33	Project Homekey Reservation (Round 3)	8,500,000							
34	West Berkeley Shellmound/1900 Fourth Street acquisition	1,500,000							
35	Transfer to Housing Trust Fund per court order								
36	Empty Homes Tax		372,000						
37	Encampment Resolution Fund 2 Grant Match- Insight Housing/Super 8 [5]								
38	Encampment Resolution Fund 3 Grant Match- Dorothy Day House/ Howard Johnson [6]				-				
	Fiscal Year Surplus (Shortfall)	**(7,400,954)**	**357,332**	**322,883**	**701,811**	**(7,153,286)**	**727,698**	**619,083**	**505,037**
	Ending Fund Balance	**7,399,686**	**7,757,018**	**7,722,569**	**8,424,380**	**569,283**	**7,069,283**	**13,569,283**	**20,069,283**

Notes:

FY26 Mid-Biennial Update
Budget Update

Budget and Finance Policy Committee

15 May 2025

AGENDA

1. Update Citywide All Funds Summary
2. General Fund Revenue Update
3. General Fund Expenditure Update
4. Recommendation on Vacant Positions
5. Measure U1 Draft Program Budget and Forecasts
6. General Fund Budget Balancing Options
7. Other Fiscal Challenges and Funding Needs
8. Recap of Questions
9. Next Steps and Timeline

FY26 BUDGET UPDATE STATUS

	2026 Adopted	2026 Update v8	Variance	% Inc/Dec
All FUNDS Revenue	698,663,103.87	738,756,191.19	40,093,087.32	5.74%
All FUNDS Expense	783,017,117.38	781,761,994.60	(1,255,122.78)	-0.16%
Delta	**(84,354,013.51)**	**(43,005,803.41)**	**41,348,210.10**	**-49.02%**
GF Revenue	284,047,716.05	291,583,351.00	7,535,634.95	2.65%
GF Expense	296,120,768.87	310,261,633.40	14,140,864.53	4.78%
Delta	**(12,073,052.82)**	**(18,678,282.40)**	**(6,605,229.58)**	**54.71%**
All FUNDS Personnel	390,853,568.41	422,800,699.58	31,947,131.17	8.17%
All FUNDS Non-Personnel	392,163,548.97	358,961,295.02	(33,202,253.95)	-8.47%
Total	**783,017,117.38**	**781,761,994.60**	**389,598,445.63**	**49.76%**
GF Personnel	192,772,862.79	211,187,216.64	20,371,428.33	10.57%
GF Non-Personnel	103,347,906.08	99,074,416.76	(4,573,489.32)	-4.43%
Total	**296,120,768.87**	**310,261,633.40**	**15,797,939.01**	**5.33%**

- All funds revenue increase with Measure FF (Streets). Special revenue taxes will increase by either CPI (1.3%) or Personal Income Growth (6.4%). However, overall revenues not keeping up with expenditures.

FY26 ALL FUNDS SUMMARY BY DEPARTMENT

	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2026 Adopted	FY 2026 Update
Mayor and Council	3,334,706	3,943,449	4,203,792	5,929,940	5,975,686	7,936,134
City Auditor	2,691,656	2,711,752	3,157,444	3,759,532	3,838,168	3,934,495
Rent Stabilization Board	5,803,126	6,784,836	7,028,903	8,489,208	8,597,595	9,159,201
Police Accountability (a)	808,594	909,307	1,210,483	1,484,847	1,524,120	1,522,348
City Manager's Office	18,417,010	19,826,926	22,096,549	18,116,987	18,383,457	18,949,471
Berkeley Public Library	18,476,578	19,951,914	24,026,043	29,196,378	29,606,293	33,865,077
City Attorney	6,200,456	7,880,612	9,112,692	9,290,707	9,425,305	9,825,142
City Clerk	2,398,903	2,876,230	2,823,822	3,518,483	3,576,397	3,709,023
Finance	8,738,585	8,872,348	8,938,144	11,823,352	11,963,574	12,026,929
Human Resources	3,574,288	4,588,216	5,551,340	5,993,013	6,198,864	6,804,564
Information Technology	16,446,318	15,454,602	15,298,230	23,471,574	23,651,297	24,019,890
Health, HSG & Community Svc	91,780,017	102,059,650	108,295,302	137,886,421	138,029,239	99,812,900
Parks, Recreation & Waterfront	63,534,473	45,578,024	48,266,958	47,477,378	47,713,333	51,021,863
Planning & Development	22,433,636	24,148,382	26,533,191	33,307,721	33,268,672	34,631,009
Public Works	140,757,034	133,012,197	149,296,617	196,515,790	181,881,632	185,433,697
Police	82,753,749	89,672,154	90,716,174	91,311,450	94,797,598	106,237,136
Fire & Emergency Services	58,014,195	62,872,373	68,731,246	71,480,646	73,060,880	78,537,592
Non-Departmental (b)	126,738,115	119,779,636	133,946,419	94,266,290	91,525,011	94,335,523
Total All Funds	**672,901,439**	**670,922,608**	**729,233,350**	**793,319,717**	**783,017,121**	**781,761,995**

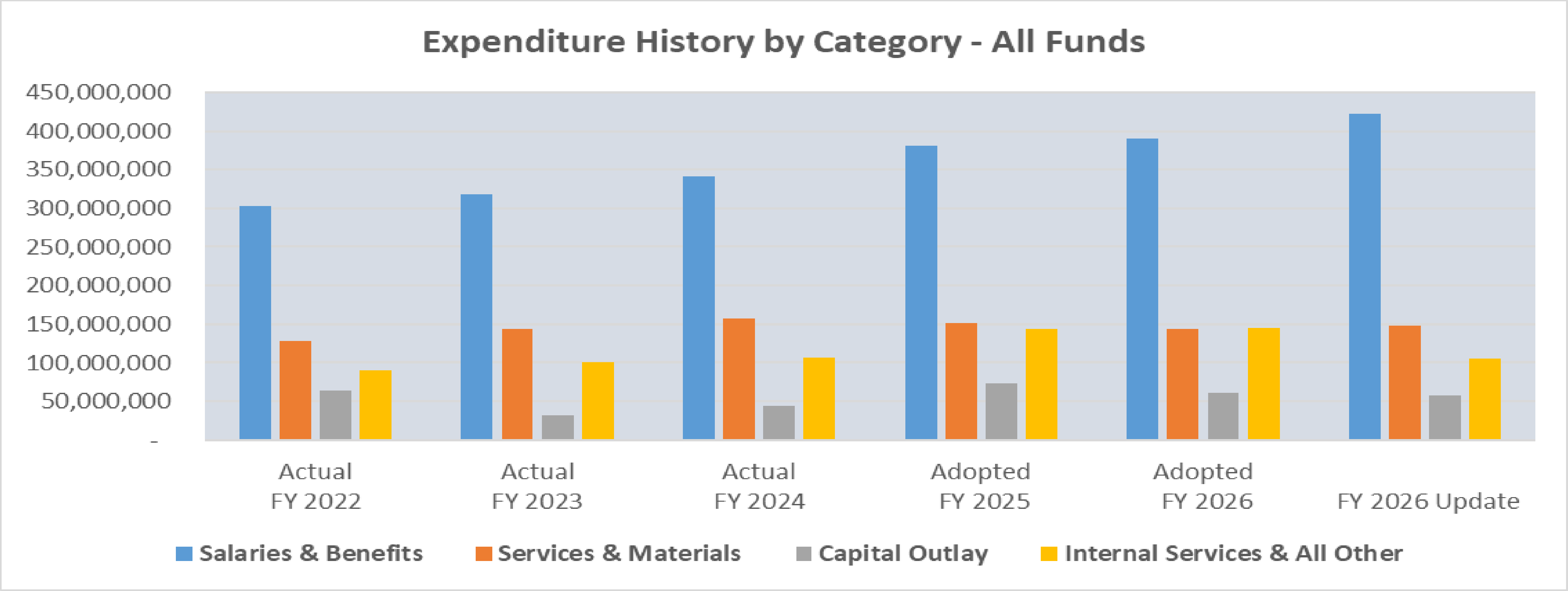
- Department expenditures reflect increases over FY26 Adopted primarily due to personnel costs.
- HHCS decrease due to timing of housing development projects.
- Citywide (all funds) expenditures decreased by $1.3M over the FY26 Adopted.

FY26 GENERAL FUND BY DEPARTMENT

	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2026 Adopted	FY 2026 Update
Mayor and Council	3,334,706	3,939,049	4,203,792	5,929,940	5,975,686	7,936,134
City Auditor	2,627,178	2,633,227	3,078,425	3,657,880	3,734,615	3,891,057
Rent Stabilization Board	-	568,412	554,214	-	-	-
Police Accountability	808,594	909,307	1,210,483	1,484,847	1,524,120	1,522,348
City Manager's Office	12,034,751	13,385,432	15,438,698	14,352,200	14,591,829	15,383,455
City Attorney	2,648,008	3,701,943	5,332,589	5,612,249	5,662,267	6,065,046
City Clerk	2,231,818	2,550,697	2,114,865	2,867,551	2,918,529	3,044,270
Finance	6,827,434	7,075,971	7,188,353	9,302,267	9,415,265	9,544,384
Human Resources	2,052,893	2,971,640	3,819,103	3,928,242	4,073,809	4,696,613
Information Technology	1,446,933	882,432	1,077,796	1,580,760	1,580,760	1,580,760
Health, HSG & Community Svc	32,619,369	28,154,030	36,867,755	31,950,903	33,283,018	34,039,371
Parks, Recreation & Waterfront	8,757,651	9,693,628	12,640,006	9,625,120	9,719,820	10,345,805
Planning & Development	2,629,757	2,924,671	3,153,666	3,745,098	3,802,944	3,731,131
Public Works	6,859,822	7,066,623	7,100,535	7,046,369	7,209,627	7,545,711
Police	77,916,629	84,895,063	85,926,952	86,427,222	89,849,214	101,282,782
Fire & Emergency Services	43,406,934	40,874,529	48,392,171	47,108,481	48,628,122	49,810,350
Non-Departmental	43,112,577	52,800,630	69,050,828	50,930,926	54,151,147	49,842,415
Total	**249,315,054**	**265,027,284**	**307,150,230**	**285,550,055**	**296,120,772**	**310,261,633**

- Expenditures have been reduced to reflect recommended savings by not budgeting some vacant positions.

FY26 EXPENDITURES BY CATEGORY



- Personnel costs are the leading driver of growth in expenditures.

FY26 GENERAL FUND REVENUE

Revenue increase from $284.1M to $291.6M largely due to property related taxes

- Secured property tax **up** from $89.9M to $90.3M
- Supplemental Tax Revenue **down** from $3.4 million to $2.9 million
- Property Transfer Tax Revenue projection **up** from $19 million to $22.6 million
- Measure P Property Transfer Tax **up** from $6.2 million to $9.1 million
- UUT Revenue projection **up** from $17.7 million to $19.4 million
- TOT Revenue projection **down** from $7.7 million to $6.5 million
- Business license projection **up** from $23.8 million to $24 million
- Ambulance Fees projection **up** from $7.7 million to $8.16 million

BUDGET BALANCING STRATEGIES

FY26 Budget Balancing Options		
Revenue	$	291,583,351
Expenditures	$	310,261,633
Projected Surplus/(Deficit)	***$***	***(18,678,282)***
Adopted Budget Balancing Strategies		
Workers compensation holiday	$	(5,187,019)
Section 115 Trust for Pension	$	(3,000,000)
Revised Projected Surplus/(Deficit)	***$***	***(10,491,263)***
Other Budget Balancing Options Under Consideration		
Increase use of Section 115 Trust	$	(3,000,000)
IT Cost Allocation reduction	$	(6,164,889)
Small Sites Reallocation	$	(2,500,000)
Revised Projected Surplus/(Deficit)	**$**	**1,173,626**
Possible Marina Fund Support	*$*	*(1,300,000)*
Revised Projected Surplus/(Deficit)		**-126,374.14**

Includes changes in vacant positions budgeted

Marina Fund $1.3M request, Parking Meter Funds TBD

- These options help balance the budget using one-time strategies that are not sustainable in future years.
- There are tradeoffs associated with each of these options.
- There are additional funding needs across the organization that exceed the available projected surplus.

BUDGET BALANCING OPTION: WORKER COMPENSATION HOLIDAY

- The City is self-insured for worker compensation claims.
- All City funds contribute to the worker compensation fund.
- This approach means that the General Fund would not contribute to the fund for FY26.
- With FY25 holiday, expected to end FY 2025 with $35-36M in assets.
- City actuaries expect our discounted total outstanding liability to be $44.3M.
- 75% confidence in being able to cover liabilities (their minimum recommended level), they calculate that we have $49.6M in assets. 70% confidence level to be marginally acceptable, and for that level we would need $48.1M in assets.
- For FY26, a $5M transfer to General Fund (leaving a net contribution of around $6M to the Workers Comp Fund), plus $1M in earned interest, and paying out an estimated $8.4M in claims during FY 2026, we would have approximately $33.6M – $34.6M at 6/30/26. Our actuaries have not delivered a report giving our estimated liabilities with confidence levels for the end of FY 2026 but based on previous asset level, we will be less than 70% confidence level.

BUDGET BALANCING OPTION: SECTION 115 TRUST

- FY25 and FY26 included use of $3M of the pension trust each fiscal year
- Policy includes goal of contributing $5.5M each fiscal year.
- Balance of $26.4M as of 6/30/2024
- **Balancing option would increase the use of the Trust to $6M in FY26.**
- Use of Trust in the short-term balanced with future needs. $54.5 in 24-25 projected to $75.3M in 29-30

PLAN Citywide costs	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Fire	**$7,958,918**	$8,768,612	$9,415,000	$9,945,000	$11,093,000	**$11,370,000**
Police	**16,420,813**	17,867,757	18,906,000	19,796,000	21,479,000	**21,988,000**
Miscellaneous	**30,126,063**	31,865,338	34,561,000	36,579,000	40,959,000	**42,012,000**

Source: CalPERS actuarial valuation as of 6/30/23. Assumes 6.80% rate of return.

BUDGET BALANCING OPTION:
IT COST ALLOCATION

- City funds contribute to the IT Costa Allocation Fund to pay for IT services
- This approach means that the General Fund would reduce its funding by 50% in FY26
- Core services will remain intact, but delays in project implementation
- IT should be able to weather the outcome through FY26 with enough fund balance to account for any unforeseen expenditures, such as significant infrastructure and/or application failures or a cyber-event
- Not sustainable to reduce amount more in FY26 due to fund balance level

BUDGET BALANCING OPTION: U1/SMALL SITES

- FY26 includes $2.5M allocation for Small Sites program in U1 budget

- Currently Measure P expenditures outpace revenue with a $3.4M shortfall
- This includes $2.5M in required match for the State Encampment Resolution grant

- The $2.5M from U1 could support ERF grant and General Fund deficit

- However, proposed U1 FY26 Revised Budget faces significant deficit
- Fund balance depleted in FY26

OTHER FISCAL NEEDS

- Other funds in needs of fiscal support like the Marina Fund, Parking Meter Funds
- Council budget referrals and departmental needs
- Contingency for federal funding uncertainty
- Contingency for economic uncertainty

TIMELINE

- Overview of the FY26 Budget at Council on May 20, 2025
- Budget and Finance Policy Committee on May 22, 2025
  - Fire and Police Discussion on Overtime
  - Measure P and U1 Discussion
- Budget and Finance Policy Committee on June 12, 2025
  - Parking Meter Discussion

Office of the City Manager

Date: May 5, 2025

To: City Council/Budget and Finance Policy Committee

From: Paul Buddenhagen, City Manager

Submitted by: Henry Oyekanmi, Finance Director

Subject: Revenue Projection Report for FY2025-2029

General Fund Revenue and Transfers Nine Months FY 2025 vs Nine Months FY 2024 Comparison

Revenue Categories	FY 2025					FY 2024				Comparision FY25 vs FY24	
	Adopted Budget	Adjusted Budget	Actual	Variance	% Received	Adopted	Actual	Variance	% Received	Amount	%
	(a)	(b)	(c)	d=(c) - (b)	(e) = (c)/(b)	(f)	(g)	h=(g) - (f)	(i) = (g)/(f)	(j) = (c) - (g)	(k) = (i)/(f)
Secured Property	$89,887,496	$89,887,496	$55,638,827	($34,248,669)	61.90%	$75,664,920	$53,314,028	($22,350,892)	70.46%	2,324,799	4.36%
Redemptions- Regular	1,018,153	1,018,153	844,536	(173,617)	82.95%	831,441	719,042	-112,399	86.48%	125,494	17.45%
Supplemental Taxes	3,400,000	3,400,000	727,555	(2,672,445)	21.40%	2,000,000	1,197,265	-802,735	59.86%	(469,710)	-39.23%
Unsecured Property Taxes	4,648,038	4,648,038	4,973,066	325,028	106.99%	3,516,000	4,648,038	1,132,038	132.20%	325,028	6.99%
Property Transfer Tax	19,000,000	19,000,000	16,166,344	(2,833,656)	85.09%	34,462,172	12,731,173	-21,730,999	36.94%	3,435,171	26.98%
Property Transfer Tax- Measure P (New December 21, 2018)	6,199,580	6,199,580	6,889,800	690,220	111.13%	14,073,750	3,471,279	-10,602,471	24.66%	3,418,521	98.48%
Sales Taxes	18,884,235	18,884,235	14,200,340	(4,683,895)	75.20%	19,016,546	14,062,877	-4,953,669	73.95%	137,463	0.98%
Soda Taxes	1,147,387	1,147,387	794,470	(352,917)	69.24%	990,210	840,162	-150,048	84.85%	(45,692)	-5.44%
Utility Users Taxes	17,700,000	17,700,000	14,355,777	(3,344,223)	81.11%	13,800,000	12,753,476	-1,046,524	92.42%	1,602,301	12.56%
Transient Occupancy Taxes	7,688,065	7,688,065	5,431,345	(2,256,720)	70.65%	5,000,000	5,957,066	957,066	119.14%	(525,721)	-8.83%
Less: TOT rebates owed (2)			(958,344)				(913,421)			(44,923)	4.92%
Short-term Rentals	1,400,000	1,400,000	1,046,198	(353,802)	74.73%	1,000,000	1,045,648	45,648	104.56%	550	0.05%
Business License Tax	23,664,000	23,664,000	22,145,994	(1,518,006)	93.59%	19,000,000	21,076,289	2,076,289	110.93%	1,069,705	5.08%
Recreational Cannabis	18,000	18,000	40,300	22,300	223.89%	1,400,000	93,121	-1,306,879	6.65%	(52,821)	-56.72%
U1 Revenues	6,500,000	6,500,000	6,237,608	(262,392)	95.96%	4,900,000	5,344,045	444,045	109.06%	893,563	16.72%
Other Taxes (excluding Redemptions- Regular) (3)	4,434,906	4,434,906	3,158,690	(1,276,216)	71.22%	1,800,000	2,286,865	486,865	127.05%	871,825	38.12%
Vehicle In-Lieu Taxes	18,851,257	18,851,257	9,500,999	(9,350,258)	50.40%	15,926,168	8,937,911	-6,988,257	56.12%	563,088	6.30%
Parking Fines- Regular Collections	5,800,000	5,800,000	4,525,061	(1,274,939)	78.02%	4,326,450	4,572,399	245,949	105.68%	(47,338)	-1.04%
Parking Fines- Booting Collections											
Moving Violations	132,600	132,600	118,432	(14,168)	89.32%	132,600	131,377	-1,223	99.08%	(12,945)	-9.85%
Ambulance Fees	7,734,813	7,734,813	6,025,125	(1,709,688)	77.90%	3,880,779	5,735,203	1,854,424	147.78%	289,922	5.06%
Interest Income	13,500,000	13,500,000	11,571,603	(1,928,397)	85.72%	6,000,000	10,145,073	4,145,073	169.08%	1,426,530	14.06%
Franchise Fees	1,822,528	1,822,528	395,608	(1,426,920)	21.71%	1,613,283	456,610	-1,156,673	28.30%	(61,002)	-13.36%
Other Revenue	8,468,797	8,468,797	6,842,761	(1,626,036)	80.80%	6,729,977	5,904,224	-825,753	87.73%	938,537	15.90%
IDC Reimbursement	7,031,624	7,031,624	4,792,742	(2,238,882)	68.16%	5,490,000	4,838,582	-651,418	88.13%	(45,840)	-0.95%
Transfers (4)	4,472,621	9,265,177	7,928,999	3,456,378	177.28%	17,096,148	6,068,943	-11,027,205	35.50%	1,860,056	30.65%
Total Revenue:	**$273,404,100**	**$278,196,656**	**$203,393,836**	**-$74,802,820**	**73.11%**	**$258,650,444**	**$185,417,275**	**-$73,233,169**	**71.69%**	**$17,976,561**	**9.70%**

Notes:

(1) This statement is presented on a budgetary basis (i.e., cash).
(2) Includes the amount of TOT rebates paid during the period
(3) Total Other Taxes excludes Redemptions-Regular
(4) Adjustments to adopted budget = Transfers from Section 115 Trust Fund of $3,000,000 + Transfer from Public Liability Fund for Monsanto's Settlement of $1,792,556

General Fund revenue and transfers increased $17,976,561 or 9.7%, from $185,417,275 in the nine months of FY 2024, to $203,393,836 for the same period in FY 2025.

Notable increases during the first three Quarters of FY 2025 were the following:

1.	Secured Property Taxes	$ 2,324,799
2.	Property Transfer Taxes	3,435,171
3.	Measure P Property Transfer Taxes	3,418,521
4.	Utility User Taxes	1,602,301
5.	Business License Taxes	1,069,705
6.	Vehicle In Lieu Taxes	563,088
7.	Interest Income	1,426,530
8.	Other Revenue	938,537
9.	Transfers In	1,860,056

<u>FY 2025 NINE MONTHS GENERAL FUND REVENUE DETAILS:</u>

<u>Secured Property Tax (+$2,324,799 more than FY 2024 Actual</u>

During the nine months of FY 2025, Secured Property Tax revenues totaled $55,638,827, which was $2,324,799 or 4.36% more than the $53,314,028 received for the same period in FY 2024. This result was lower than the County's Certification of Assessed Valuation (received from the County in August 2024), which reflects growth of 6.39%. However, the shortfall was made up with the County payment made in April.

The FY 2025 Adopted Budget assumed a 5.937% increase for FY 2025, so actual Secured Property Taxes are expected to be $384,484 or .453% more than the Adopted Budget amount of $89,887,496.

The Secured Property Tax Revenue projection is being increased from $89,887,496 to $90,271,980

<u>Supplemental Taxes (-$469,710 less than FY 2024 Actual)</u>

During the nine months of FY 2025, Supplemental Taxes totaled $727,555, which was $469,710 or 39.2% less than the $1,197,265 received for the same period in FY 2024

The Supplemental Tax Revenue projection is being decreased from $3.4 million to $2.9 million.

Unsecured Property Tax (+325,028 more than FY 2024 Actual)

During the nine months of FY 2025, Unsecured Property Tax revenues totaled $4,973,066, which was $325,028 or 6.99% more than the amount of $4,648,038 received for the same period in FY 2024. This amount is greater than the County's Certification of Assessed Valuation growth of 4.84% for FY 2025.

Please note that Unsecured property taxes are payable once a year and due August 31st.

Property Transfer Tax (+$3,435,171 more than FY 2024 Actual)

During the nine months of FY 2025, Property Transfer Tax totaled $16,166,344, which was $3,435,171 or 27.0% more than the $12,731,173 received for the same period in FY 2024.

The primary reasons for the $1,861,060 increase in Property Transfer Tax were the following:

(1) The dollar value of property sales increased by $231.3 million or 27.2%, from $849.4 million in the nine months of FY 2024 to $1.080.7 billion during the same period of FY 2025, as illustrated in Table 1 below.
(2) There were nine property sales of $10 million or more, with total sales of $234.7 million in the nine months of FY 2025 compared to five property sales of $10 million or more, with total sales of $89.9 million in the nine months of FY 2024; and,
(3) The number of property sales transactions increased by 16 or 3.0% from 526 in the nine months of FY 2024 to 542 during the same period of FY 2025, as illustrated in the Table 2 below.

This increase resulted despite high mortgage rates and a decline in the money supply.

Table 1 - ***Property Sales in Million $***

	July	Aug	Sept	Oct	Nov	Dec	Total
FY 2025	$163.3	$111.0	$79.3	$167.5	$195.4	$78.1	$794.6
FY 2024	$129.2	$152.5	$99.9	$95.7	$95.8	$94.4	667.5
Change	34.1	-41.5	-20.6	71.8	99.6	-16.3	127.1
% Change	26.4%	-27.2%	-20.6%	75.0%	104.0%	-17.3%	19.0%

Table 1 - ***Property Sales in Million $***

	Jan	Feb	Mar	Total
FY 2025	126.2	48.8	111.1	$1,080.7
FY 2024	65.8	49.8	66.3	849.4
Change	60.4	-1.0	44.8	231.3
% Change	79.3%	-.8%	57.2%	27.2%

Table 2 - ***Number of Property Sales Transactions***

	July	Aug	Sept	Oct	Nov	Dec	Total
FY 2025	75	72	55	69	86	57	414
FY 2024	79	73	64	61	67	62	406
Change	-4	-1	-9	+8	+19	-5	+8
% Change	-.5.1%	-1.4%	-14.1%	+13.1%	+28.4%	-8.1%	**+2.0%**

Table 2 - ***Number of Property Sales Transactions***

	Jan	Feb	Mar	Total
FY 2025	54	30	44	542
FY 2024	41	34	45	526
Change	13	-4	-1	+16
% Change	31.7%	-11.8%	-2.2%	**+3.0%**

The Property Transfer Tax Revenue projection is being increased from $19 million to $22.6 million.

Measure P-Property Transfer Tax (+$3,418,521 more than FY 2024 Actual)

Measure P taxes totaling $6,889,800 was collected during the nine months of FY 2025, which was $3,418,521 or 98.5% more than the $3,471,279 collected during the same period of FY 2024. This increase resulted primarily from the following: (1) An increase of $288.2 million or 71.9% in the dollar value of property sales amount in the nine months of FY 2025 versus those in the nine months of FY 2024 as reflected in Table 3; (2) The number of property sales transactions increased by 70 or 63.1% during the first half of FY 2025, as illustrated in the Table 4 below; and,(3) There were nine property sales of $10 million or more, with total sales of $234.7 million in the nine months of FY 2025 compared to five property sales of $10 million or more, with total sales of $89.9 million in the nine months of FY 2024.

Table 3 - ***Property Sales $1.5 Million and Above In Million $***

	July	Aug	Sept	Oct	Nov	Dec	Total
FY 2025	$113.9	$55.9	$31.3	$123.5	$137.5	$33.3	$495.4
FY 2024	$62.8	$87.2	$48.5	$51.9	$33.6	$42.5	$326.5
Change	51.1	-31.3	-17.2	71.6	103.9	-9.2	168.9
% Change	81.4%	-35.9%	-35.5%	138.0%	309.2%	-21.6%	51.7%

Table 3 - ***Property Sales $1.5 Million and Above In Million $***

	Jan	Feb	Mar	Total
FY 2025	87.5	24.6	81.4	688.9
FY 2024	20.5	22.3	31.4	400.7
Change	67.0	2.3	50.0	288.2
% Change	326.8%	10.3%	159.2%	71.9%

Table 4 - ***Property Transactions $1.5 Million and Above***

	July	Aug	Sept	Oct	Nov	Dec	Total
FY 2025	31	25	10	26	34	15	141
FY 2024	18	17	12	15	12	13	87
Change	+13	+8	-2	+11	+22	+2	+54
% Change	+72.2%	+47.1%	-18.2%	+73.3%	+183.3%	+15.4%	+62.1%

Table 4 - ***Property Transactions $1.5 Million and Above***

	Jan	Feb	Mar	Total
FY 2025	16	7	17	181
FY 2024	3	8	13	111
Change	+13	-1	+4	+70
% Change	+433.3%	-12.5%	+30.8%	+63.1%

The Measure P Property Transfer Tax Revenue projection is being increased from $6.2 million to $9.1 million.

Sales Tax (+$137,463 more than FY 2024 Actual)
For the nine months of FY 2025, Sales Tax revenue totaled $14,200,340, which was $137,463 or .98% more than the $14,062,877 received for the same period in FY 2024. The City's Sales Tax Consultant has noticed a softening of sales in several categories since the Adopted Budget was passed and has revised revenue projections in the following categories:

Category	Adopted Budget	Revised Projection	Difference
General Retail	$ 4,238,366	$ 4,030,688	($ 207,678)
Food Products	5,560,276	5,735,139	174,863
Transportation	2,502,228	2,212,552	(289,676)
Construction	1,446,252	1,523,947	77,695
Business to Business	1,953,502	1,639,895	(313,607)
Miscellaneous	597,063	747,279	150,216
County Pool	3,728,930	4,014,965	286,035
State Pool	8,320	8,008	(312)
County Sharing	(1,011,769)	(995,624)	16,145
CDTFA Administration	(138,933)	(144,618)	(5,685)
Total	$18,884,235	$ 18,772,231	($112,004)

The City's sales tax consultant is currently working on new projections that will take into account, as best as possible, the impacts of recent changes to federal trade policy.

Utility Users Taxes (+$1,602,301 more than FY 2024 Actual)
Utility Users Tax revenue for the nine months of FY 2025 totaled $14,355,777, which was $1,602,301 or 12.6% more than the $12,753,476 received for the same period in FY 2024.

This increase of $1,602,301 resulted from increases/decreases in the following categories:

FY 2025 Actual Revenues Compared to FY 2024 Actual Revenues				
	FY2025	FY 2024	$ Change	% Change
Telephone	$ 661,004	$748,334	$ -87,330	-11.7%
Cable	690,098	718,974	- 28,876	-4.02%
Cellular	1,341,653	1,317,976	23,677	1.80%
Electric	8,847,919	7,502,489	1,345,430	17.9%
Gas	2,815,103	2,465,703	349,400	14.2%
Total	$14,355,777	$12,753,476	$1,602,301	15.98%

On top of significant increases in rates in 2022 and 2023, PG&E rate changes in 2024 were the following:

- On January 1, 2024, PG&E rates increased by about 13% across both generation and delivery.
- On March 1, 2024, PG&E increased delivery rates by 0.3%.
- On April 1, 2024, PG&E rates increased by 1.4%.
- Natural gas prices have also increased this year. On September 1, 2024, PG&E implemented an 8.3% increase in natural gas rates.

The primary reasons PG&E has given for the rate increases are as follows:

- Inflation, including increases in employee and management salaries
- Wildfire mitigation - investing in undergrounding electric lines to reduce the risk of wildfires
- Aging infrastructure that needs to be maintained and upgraded
- Unprecedented weather events
- Pay off debt from the California energy crisis.

Staff is increasing the UUT Revenue projection by $1.7 million, from $17.7 million to $19.4 million.

Transient Occupancy Tax (-$570,644 less than FY 2024 Actual)
The total net Transient Occupancy Tax (TOT) revenue reported for the nine months of FY 2025 totaled $4,473,001 (after deducting $958,344 in TOT rebates owed), which was $570,644 or 11.3% less than the $5,043,645 (after deducting $913,421 in TOT rebates owed) received for the same period in 2024.The decline was primarily attributable to the failure of one of the six largest hotels to pay TOT in any of the nine months and the failure of another one to pay TOT in the last two months of the period.

As a result, the TOT Revenue projection (after rebates are paid) is being decreased from $7.7 million to $6.5 million.

Short-Term Rentals (+$550 more than FY 2024 Actual)
Short-Term Rentals revenue for the nine months of FY 2025 totaled $1,046,198, which was $550 or .05% more than the $1,045,648 received for the same period in FY 2024.

Business License Taxes (+$1,069,705 more than FY 2024 Actual)
Business license Taxes (BLT) revenue for the nine months of FY 2025 totaled $22,145,994, which was $1,069,705 or 5.1% more than the $21,076,289 received for the same period in FY 2024.

The $1,069,705 increase primarily resulted from a 14.4% increase in Rental of real property from $14,744, 916 in the nine months of FY 2024 to $16,566,946 for the same period in FY 2025; and an increase of 14.0% in Professional/Semi-professional from 5,696,580 in the nine months of FY 2024 to $6,493,817 for the same period in FY 2025.These increases were offset by declines in other revenue categories such as retail trade, which declined by $148, 266 or 8%.In addition, in FY 2025, there were more overall license renewals, but the average business license tax went down from $1,121 in FY 2024 to $775 in FY 2025.
As a result of the overall trend through nine months in FY 2025, the BLT Revenue projection is being increased from $23.8 million to $24 million.

U1 Revenues (+$893,563 more than FY 2024 Actual)
U1 revenues for the nine months of FY 2025 totaled $6,237,608, which was $893,563 or 16.7% more than the $5,344,045 received for the same period in FY 2024.

Other Taxes (+$871,825 more than FY 2024 Actual)
Other Taxes (excluding Redemptions-Regular) for the nine months of FY 2025 totaled $3,158,690 which was $871,825 or 38.1% more than the $2,286,865 received for the same period in FY 2024. The primary reason for the increase was Transportation Network Company User Tax (TNC User Tax) totaling $759,376 were incorrectly recorded as Other Revenue, instead of Other Taxes in FY 2024. In FY 2025, a total of $839,614 in TNC User Taxes was recorded as Other Taxes.

Vehicle In Lieu Taxes (+$563,088 more than FY 2024 Actual)
Vehicle in Lieu Taxes (VLF) for the nine months of FY 2025 totaled $9,500,999, which was $563,088 or 6.30% more than the $8,937,911 received for the same period in FY 2024. This result was consistent with the County's Certification of Assessed Valuation (received in August 2024), which reflects growth of 6.39%. Changes in VLF revenues are based on the growth in assessed values. However, the Adopted Budget reflects growth of 5.50%, so actual Vehicle In Lieu Taxes are expected to be $159,030 or .89% more than the Adopted Budget amount of $18,851,257.

The FY 2025 Vehicle In Lieu Tax projection is being increased from $18,851,257 to $19,010,287.

Parking Fines (-$47,338 less than FY 2024 Actual)
Parking Fines revenue for the nine months of FY 2025 totaled $4,525,061, which was $47,338 or 1.04% less than the $4,572,399 received for the same period in FY 2024.

For the nine months of FY 2025, ticket writing increased by 13,025 or 11.7% from 111,402 in the nine months of FY 2024 to 124,427 in the same period in FY 2025, as follows:

	July	Aug	Sept	Oct	Nov	Dec	Subtotal
FY 2025	14,221	15,033	14,744	14,872	13,308	14,790	86,968
FY 2024	12,623	14,122	13,099	13,087	12,425	11,662	77,018
Difference	1,598	911	1,645	1,785	883	3,128	9,950
% Difference	12.7%	6.5%	12.6%	13.6%	7.11%	26.8%	12.9%

	Jan	Feb	Mar	Total
FY 2025	10,827	12,830	13,802	124,427
FY 2024	10,990	11,407	11,987	111,402
Difference	-163	1,423	1,815	13,025
% Difference	-1.48%	12.5%	15.1%	11.7%

Despite the 11.7% increase in ticket writing during the nine months of FY 2025, revenue declined $47,338 or 1.04%. Staff believes the decline was attributable to changes in how parking fines are allowed to be collected in California. For example, towing and removal of vehicles for non-payment of parking citations is no longer allowed in California. Staff is seeing vehicles that have thousands of dollars in delinquent parking citations that customers are not paying.

As a result, the FY 2025 Parking Fines projection is being increased from $5.8 million to $5.9 million.

Ambulance Fees *(+$289,922 more than FY 2024 Actual)*
Ambulance Fees revenue for the nine months of FY 2025 totaled $6,025,125, which was $289,922 or 5.1% more than the $5,735,203 received for the same period in FY 2024. Transports for the nine months of FY 2025 were flat increasing by 19, from 4,840 in the nine months of FY 2024 to 4,860 in the nine months of FY 2025. Therefore, the $289,922 increase for the period was due to increases in the following Ambulance Fee rates:

CHARGE	FY 2025 Rates	FY 2024 Rates	Difference	% Difference
ALS 1	$4,551.06	$3,664.87	$886.19	24.18%
ALS 2	4551.06	3664.87	886.19	24.18%
Assessment at Scene	812.46	735.01	77.45	10.54%
BLSE 1	4551.06	3664.87	886.19	24.18%
MILE 1	91.41	82.69	8.72	10.55%
Oxygen	302.64	273.79	28.85	10.54%

As a result, the FY 2025 Ambulance Fees projection is being increased from $7.7 million to $8.16 million.

Interest Income (+$1,426,530 more than FY 2024 Actual)
For the nine months of FY 2025, Interest Income totaled $11,571,603, which was $1,426,530 or 14.1% more than the total of $10,145,073 received for the same period in FY 2024.This increase was primarily attributable to a slight increase in the net interest rate earned by the City in the first half of FY 2025 from a range of 2.84% - 3.10% during the first half of FY 2024, to a range of 2.93% - 3.32% during the first half of FY 2025. The rates for the third quarter of FY 2025 were slightly lower than those of FY 2024 as follows:

Monthly Net Interest Rate Earned:

FY	July	Aug	Sept	Oct	Nov	Dec
2025	3.32%	3.18%	3.04%	3.05%	2.93%	3.05%
2024	3.10%	3.02%	2.95%	2.95%	2.88%	2.84%

FY	Jan	Feb	Mar
2025	2.98%	2.92%	3.00%
2024	3.18%	3.05%	3.11%

Other Revenues (+$938,537 more than FY 2024 Actual)
Other Revenues primarily consists of licenses and permits, grants, preferential parking fees, general government charges for services, public safety charges for services, health charges for services, culture and recreation charges for services, rents and royalties, and other miscellaneous revenues that are not considered major.

Other Revenues for the nine months of FY 2025 totaled $6,842,761 which was $938,537 or 15.9% more than the $5,904,224 received for the same period in FY 2024. This increase of $938,537 was primarily attributable to (1) An increase of $145,725 in the Peer-to-Peer Car Sharing Permit, and (2) an increase of $544,139 in Mutual Aid Reimbursements in the nine months of FY 2025.

In addition, a premium received on the FY 2025 TRAN of $702,591 was recorded as revenue in FY 2025. The premium paid to the City was not actually revenue, it was a liability that was paid by the purchaser of the City's Notes when the coupon interest rate was higher than the market rate at the time the Notes were issued. It will be used to offset the interest expense paid by the City on the Notes, rather than be recorded as revenue.

Staff did not increase the FY 2025 Other Revenues projection because it includes $702,591 in TRAN premium that will be reclassified as a credit to Interest Expense, and the FY 2024 total includes TNC User Taxes totaling $759,376, which makes the FY 2025 increase larger than it actually was.

Indirect Cost Reimbursements (-$45,840 less than FY 2024 Actual)
IDC Reimbursement (IDC) decreases result from decreases in the indirect cost allocation base (i.e., total direct salaries and wages in the fund), a decrease in the indirect cost rate or a combination of decreases or increases in both factors. IDC for the nine months of FY 2025 totaled $4,792,742, which was $45,840 or .95% less than the $4,838,582 received for the same period in FY 2024. The decline was primarily accounted for by a decrease in IDC rates from 21% in FY 2024 to an average of 19.76% in FY 2025. The net decrease resulting from these changes in rates were partially offset by an increase of $2,913,690 or 13.7% in the indirect cost allocation base (total direct salaries and wages) from $21,234,357 in the nine months of FY 2024 to $24,148,047 for the same period in FY 2025, creating a net decline of $45,840 or .95% in total IDC.

Staff is lowering the FY 2025 Indirect Cost Reimbursement projection from $7.0 million to $6.9 million.

Transfers (+$1,860,056 more than FY 2024 Actual)
Transfers from other funds for the nine months of FY 2025 totaled $7,928,999 which was $1,860,056 or 30.6% more than the $6,068,943 received for the same period in FY 2024. This was primarily attributable to the Transfer of $2,441,808 from the American Rescue Plan Fund (ARPA) to recover from the impact of the COVID-19 pandemic in FY 2024, compared to no ARPA Transfers in FY 2025; and, a decline in the Parking Meter Fund transfers of $625,000, from $1,306,716 in FY 2024 to $781,716 in FY 2025. These declines were offset by a $1,792,557 one-time Monsanto lawsuit settlement and a transfer of $3,000,000 from the Section 115 Trust Fund to pay pension benefits.

5 YEARS PROJECTED GENERAL FUND REVENUES

	FY 2024 Actual	FY 2025 Adopted	FY 2025 Adjusted	FY 2025 Revised	FY 2026	FY 2027	FY 2028	FY 2029
Undesignated Revenues								
Secured Property Taxes	84,850,061	89,887,496	89,887,496	90,271,980	95,236,939	98,570,232	102,020,190	105,590,897
Supplemental Taxes	2,842,273	3,400,000	3,400,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000
Unsecured Property Taxes	4,506,444	4,648,038	4,648,038	4,973,066	4,973,066	4,973,066	4,973,066	4,973,066
Property Transfer Taxes	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Property Transfer Tax - Measure P	6,272,861	6,199,580	6,199,580	9,105,870	9,100,000	9,100,000	9,100,000	9,100,000
Sales Taxes	18,717,040	18,884,235	18,884,235	18,884,235	19,106,713	19,285,518	19,624,815	19,935,457
Soda Tax	1,101,210	1,147,387	1,147,387	1,147,387	1,147,387	1,147,387	1,147,387	1,147,387
Utility Users Taxes	17,209,441	17,700,000	17,700,000	19,396,728	19,396,728	19,396,728	19,396,728	19,396,728
Transient Occupancy Taxes(TOT)	8,224,852	7,688,065	7,688,065	7,660,450	7,660,450	7,660,450	7,660,450	7,660,450
TOT Rebates	-1,245,529			-1,160,450	-1,160,450	-1,160,450	-1,160,450	-1,160,450
Short-term Rentals	1,475,544	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Business License Taxes	23,754,846	23,664,000	23,664,000	24,000,000	24,480,000	24,969,600	25,468,992	25,978,372
Recreational Cannabis	152,834	18,000	18,000	18,000	18,000	18,360	18,727	19,102
Measure U1	6,322,118	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
Vacancy Tax					3,500,000	3,750,000	3,750,000	3,862,500
Other Taxes*	5,303,777	5,453,059	5,453,059	5,453,059	5,453,059	5,453,059	5,453,059	5,453,059
Vehicle In Lieu Taxes	17,875,821	18,851,257	18,851,257	19,010,287	20,055,853	20,757,808	21,484,331	22,236,282
Parking Fines - Regular Collections	6,034,002	5,800,000	5,800,000	5,900,000	5,900,000	5,900,000	5,900,000	5,900,000
Moving Violations	166,152	132,600	132,600	132,600	132,600	135,252	137,957	137,957
Ambulance Fees	7,910,668	7,734,813	7,734,813	8,158,939	8,900,000	8,900,000	8,900,000	8,900,000
Interest Income	15,155,999	13,500,000	13,500,000	13,500,000	14,000,000	14,500,000	14,500,000	14,500,000
Franchise Fees	2,008,162	1,822,528	1,822,528	1,822,528	1,822,528	1,822,528	1,822,528	1,822,528
Other Revenues	6,821,501	8,468,797	8,468,797	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Indirect cost reimbursements	6,720,690	7,031,624	7,031,624	6,931,624	7,070,256	7,211,662	7,355,895	7,503,013
Transfers	13,591,924	4,472,621	9,265,177	8,974,480	3,990,222	3,990,222	3,990,222	3,990,222
Total Undesignated Revenues	271,772,691	270,404,100	$275,196,656	278,980,783	285,583,351	291,181,421	296,343,897	301,746,569
Designated Revenues								
Prop. Transfer Taxes for capital improvements	1,528,223	3,000,000	$ 3,000,000.00	6,583,402	6,000,000	6,000,000	6,000,000	6,000,000
Total Designated Revenues	1,528,223	3,000,000	$ 3,000,000.00	6,583,402	6,000,000	6,000,000	6,000,000	6,000,000
TOTAL REVENUES AND TRANSFERS	$ 273,300,914	$ 273,404,100	$ 278,196,656	$ 285,564,185	$ 291,583,351	$ 297,181,421	$ 302,343,897	$ 307,746,569

(1) This statement is presented on a budgetary basis (i.e., cash).
(2) Total Other Taxes excludes Redemptions-Regular
(4) Adjustments to adopted budget = Transfers from Section 115 Trust Fund of $3,000,000 + Transfer from Public Liability Fund for Monsanto's Settlement of $1,792,556

Notes to Multi-Year General Fund Revenue Projections Based on Nine Months FY 2025 Actual

Secured Property Taxes

During the nine months of FY 2025, Secured Property Tax revenues totaled $55,638,827, which was $2,324,799 or 4.36% more than the $53,314,028 received for the same period in FY 2024. This result was less than the County's Certification of Assessed Valuation (received from the County in August 2024), which reflects growth of 6.39%. However, the shortfall was made up with the County payment in April.

Staff projects Secured Property Tax growth of 6.39% in FY 2025; 5.5% in FY 2026 and 3.5% for FY 2027 through FY 2029.

Property Transfer Tax

Given the dramatic slowdown in the real estate market in FY 2023 and FY 2024, the high interest rates (including mortgage rates that exceeded 8% at one point, but have receded to slightly under 7%), and high inflation slowing down consumer spending, staff expected a mild recovery in property sales activity and increases in property values in FY 2025.

Over the 5 years prior to the pandemic, transfer tax revenues grew 6% per year on average, but the high level of mortgage rates and tighter credit standards have made buyers and sellers reluctant to be involved in real estate transactions; this will continue to negatively impact sales prices and volumes somewhat in the next few years.

After the sharp decline in FY 2023 (46.7%) and FY 2024 (23.4%) growth in Property Transfer Tax revenue, Staff expected revenue growth of 8.4% in FY 2025, but the results exceeded expectation and is projected to increase by 24.2% from the FY 2024 results.

During the nine months of FY 2025, Property Transfer Tax totaled $16,166,344, which was $3,435,171 or 27.0% more than the $12,731,173 received for the same period in FY 2024.

The primary reasons for the $3,435,171 increase in Property Transfer Tax were the following:

(4) The dollar value of property sales increased by $231.3 million or 27.2%, from $849.4 million in the nine months of FY 2024 to $1.080.7 billion during the same period of FY 2025.

(5) There were nine property sales of $10 million or more, with total sales of $234.7 million in the nine months of FY 2025 compared to five property sales of $10 million or more, with total sales of $89.9 million in the nine months of FY 2024; and,

(6) The number of property sales transactions increased by 16 or 3.0% from 526 in the nine months of FY 2024 to 542 during the same period of FY 2025.

Because of the difficulty in projecting this revenue source in normal times, Staff is projecting an increase of 28.8% in FY 2025 (Including two transactions totaling in excess of $800,000 in April 2025) and flat revenue from FY 2026 through FY 2029 due to the high uncertainty about the impact of the Trump Administration's trade policy will have on consumer spending, interest rates and the economy.

Measure P Taxes

Measure P taxes totaling $6,889,800 was collected during the nine months of FY 2025, which was $3,418,521 or 98.5% more than the $3,471,279 collected during the same period of FY 2024. This increase resulted primarily from the following: (1) An increase of $288.2

million or 71.9% in the dollar value of property sales amount in the nine months of FY 2025 versus those in the nine months of FY 2024; (2) The number of property sales transactions increased by 70 or 63.1% during the nine months of FY 2025; and,(3) There were nine property sales of $10 million or more, with total sales of $234.7 million in the nine months of FY 2025 compared to five property sales of $10 million or more, with total sales of $89.9 million in the nine months of FY 2024.

Because of the difficulty in projecting this revenue source in normal times, Staff is projecting an increase of 45.2% in FY 2025 and flat revenue in FY 2026 through FY 2029 due to the high uncertainty about the impact the Trump Administration's trade policy will have on consumer spending, interest rates and the economy.

Sales Taxes
After getting back to pre-pandemic levels in FY 2023, Sales Tax growth was projected to decrease .1% in FY 2024, increase 2.9% in FY 2025, increase 3.6% in FY 2026, increase 3.2% in FY 2027 and increase 3.1% in FY 2028. However, the City's Sales Tax Consultant has noticed significant softening in some categories in FY 2024 and FY 2025 sales activity.

Therefore, current projections are an increase of .9% in FY 2025, an increase of 1.2% in FY 2026, an increase .9% in FY 2027, an increase 1.73% in FY 2028 and an increase 1.55% in FY 2029. However, these projections were made before President Trump implemented his trade policies.

The City's sales tax consultant is currently working on new projections that will take into account, as best as possible, the impacts of recent changes to federal trade policy.

Utility Users Tax
Utility Users Tax revenue for the nine months of FY 2025 totaled $14,355,777, which was $1,602,301 or 12.6% more than the $12,753,476 received for the same period in FY 2024.

Apart from significant increases in rates in 2022 and 2023, PG&E rate changes in 2024 were the following:

- On January 1, 2024, PG&E rates increased by about 13% across both generation and delivery
- On March 1, 2024, PG&E increased delivery rates by 0.3%
- On April 1, 2024, PG&E rates increased by 1.4%
- Natural gas prices have also increased this year. On September 1, 2024, PG&E implemented an 8.3% increase in natural gas rates.

UUT revenue was projected to increase 2.9% in FY 2025. However, due to gas and electricity rate increases approved by the Public Utilities Commission identified above, the FY total is projected to increase by 12.7%. Staff is projecting flat revenue in FY 2026 through FY 2029.

Transient Occupancy Tax
With the addition of a new hotel, FY 2023 gross TOT revenue exceeded pre-pandemic levels, and was at 30% growth above FY 2022 levels after subtracting the TOT rebates owed. That is no longer the case.

The total net Transient Occupancy Tax (TOT) revenue reported for the nine months of FY 2025 totaled $4,473,001 (after deducting $958,344 in TOT rebates owed), which was $570,644 or 11.3% less than the $5,043,645 (after deducting $913,421 in TOT rebates owed) received for the same period in 2024.The decline was primarily attributable to the failure of one of the six largest hotels to pay TOT in any of the nine months and the failure of another one to pay TOT in the last two months of the period.

Staff is projecting a 6.9% decline in net TOT revenue (TOT minus rebates) of 3.0% in FY 2025 and flat revenue from FY 2026 through FY 2029.

Business License Taxes
Staff projected flat growth in FY 2025 Business License Tax revenue. However, for the nine months of FY 2025 the average Business License tax renewal increased by approximately 5.1%.

As a result, the FY 2025 projection was increased to growth of 1.0%. Growth from FY 2026 through FY 2029 is projected at 2.0%.

Ambulance Fees
Ambulance growth was projected to increase 4% in FY 2024 and flatten out in FY 2025. However, revenue increased $2,767,548 or 53.8% due to an 8.4% increase in the number of transports and significant fee increases.

A decline of 2.2% in Ambulance Fees revenue was expected for FY 2025, but actual revenue is projected to increase by 1%, from $7,734,813 to $8,000,000.

Staff is projecting an 11.3% increase in FY 2026, due primarily to rate increases of 24%; and flat revenue in FY 2027 through FY 2029.

Interest Income
The sharp rise in interest rates triggered by the Feds is a double-edged sword: While the rise in interest rates negatively impacts the City's Property Transfer Taxes (through fewer property sales) and Secured Property Taxes and Vehicle In Lieu Taxes (through lower assessed values), it results in an increase in Interest Income. For FY 2024, Interest Income totaled $15,155,999, which was $3,038,974 more than the $12,117,025 received in FY 2023 and $8,461,877 received in FY 2022.

During the nine months of FY 2025, the net interest rate earned by the City increased from a range of 2.84% - 3.18% in contrast with the nine months of FY 2024 which increased a range of 2.92% - 3.32%. Despite that, total Interest Income declined because the yield curve was inverted in FY 2024 (i.e., short-term rates were greater than long-term rates) and is not inverted in FY 2025. The yield on overnight securities held in the Fidelity Money Market account and at Wells Fargo Bank dropped to around 4% in the nine months of FY 2025 from 5% for the same period in FY 2024.

Staff projected a decline in interest income of 10.0% in FY 2025, growth of 3.7% in FY 2026 and 3.6% in FY 2027, and no growth in FY 2028 and FY 2029. The growth projected in FY 2026 and FY 2027 is due to the maturity of $268.85 million of the City's investment portfolio that earns less than 2%.

Impact of The President's Trade Policies