



# Council Agenda Report

---

Item 6c

**Department:** Finance  
**Cost Center:** 2002  
**For Agenda of:** 5/20/2025  
**Placement:** Consent  
**Estimated Time:** N/A

**FROM:** Emily Jackson, Finance Director  
**Prepared By:** Riley Kuhn, Principal Budget Analyst

**SUBJECT:** FY 2024-25 Q3 BUDGET REPORT

## RECOMMENDATION

Receive and file the FY 2024-25 Q3 Budget Report.

## POLICY CONTEXT

The City's budget policies require that the City Council review the City's budget and financial condition at least every six months. City Charter Code Section 804 states that at any meeting after the adoption of the budget, the Council may amend or supplement the budget by motion adopted by a majority vote of the Council.

The Third Quarter (Q3) Budget Report (Attachment A) is part of the ongoing quarterly reporting process and fulfills these requirements. The review allows the Council to adjust revenue and expenditure assumptions should the need arise. The accompanying Budget Report for FY 2024-25 Q3 provides a review of the City's financial results as compared to budget three quarters through the fiscal year.

## DISCUSSION

### **Budget Report Organization**

The budget report follows a standard format in line with recent quarterly budget updates and is intended to provide a high level overview of fiscal performance for the General Fund, the four major enterprise funds, and the special revenue funds. The report (Attachment A) includes the following sections:

**General Fund Summary:** Three quarters through the year, no new risks to budget attainment have emerged. As detailed in the second quarter report, sales tax and development fee revenues are expected to underperform expectations. Expenditures are trending broadly in line with expectations and at this point. Staff do not see risk to fund balance at year end.

**Storm Update:** Consistent with prior quarterly reports, the Q3 report includes a summary of costs incurred to date to address damage caused by the Winter 2023 storms. The

report also includes an update on the status of reimbursements expected from the Federal Emergency Management Agency and California Office of Emergency Services.

**Water Fund Summary:** Year to date results are generally in line with expectations and staff do not expect significant variances to budget at year end.

**Sewer Fund Summary:** Year to date results are generally in line with expectations and staff do not expect significant variances to budget at year end.

**Parking Fund Summary:** Parking revenue is trending below expectations. This revenue shortfall is attributed to enforcement issues at certain parking structures, which staff believe have been addressed.

**Transit Fund Summary:** Year to date results are generally in line with expectations and staff do not expect significant variances to budget at year end.

**Special Revenue Fund Summaries:** All special revenue funds are expected to finish the year in line with their budgets.

**CIP Update:** The report provides an update on the tasks ongoing or completed during the third quarter of the year. Notable projects completed in Q3 include the North Chorro Greenway Underbelly Painting and Lighting, the installation of gated parking equipment at the 842 Palm Parking Garage, and the 2024 Roadway Sealing Project, which included upgrades to the Damon Garcia Sports Field Complex parking lot and the Johnson Park parking lot.

**Major City Goals Update:** The report provides an update on the Major City Goal tasks originally scheduled to be completed during the third quarter of the year. Two tasks had original completion dates in Q3: Task 4.3a, Higuera Complete Streets, and Task 4.3b, South / King Crossing, are both Active Transportation Plan Tier 1 projects and are now expected to be completed in FY 2026-27 Q1 and FY 2025-26 Q4 respectively. The report includes additional information on the projects and their delays.

#### **Previous Council or Advisory Body Action**

Council adopted the [FY 2024-25 Supplemental Budget](#) on June 4, 2025. [The first quarter budget report](#) was presented to Council on December 10, 2024, and [the second quarter budget report](#) was presented on February 18, 2025.

#### **Public Engagement**

Public engagement on the item can be provided to the City Council through written correspondence prior to the meeting or through public testimony at the meeting. The report will also be posted on the City's website for public review.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to the recommended action in this report because the action does not constitute a “Project” under CEQA guidelines Sec. 15378.

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2024-25

Funding Identified: Yes

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$	\$	\$	\$
State				
Federal				
Fees				
Other:				
Total	\$0	\$0	\$0	\$0

The report contains valuable information to keep the Council and Community informed about the City’s financial standing and program efforts. There is no fiscal impact associated with the recommendations contained in the report.

ALTERNATIVES

**Council could direct staff to amend the budget.** Should Council pursue this option, staff would seek direction on specific amendments and then amend the budget as requested.

ATTACHMENTS

A - FY 2024-25 Q3 Budget Report