

*“We are a welcoming, active and business-friendly rural foothill community built on California's rich gold rush history.”*



**City Manager's Report**

**June 24, 2025 City Council Meeting**

**Prepared by: Dave Warren, Assistant City Manager/Director of Finance**

**Item #: 11.2**

**Subject:** Consider adopting the proposed Fiscal Year 2025/2026 Operating Budget and Capital Improvement Program Budget as presented.

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**Recommendation:**

Hold a public hearing and adopt a Resolution approving and adopting the Proposed Fiscal Year 2025/2026 Operating Budget and Capital Improvement Program Budget as presented.

**Purpose:**

The City is required to adopt an annual budget. The budget must be adopted prior to July 1st of each fiscal year. The adoption of tonight's resolution and budget document meet those requirements.

**Strategic Plan Strategies:**

Fiscal Stability /Sustainability: 1. Identify financial risks and opportunities. 6. Meet financial commitments and reporting requirements.

**Background:**

Over the past six months, the City's Budget Team, which is comprised of the City Manager, all Department Heads, and the Assistant Finance Director, has collectively developed both the Operating Budget and the CIP Budget in a manner that aligns with the City Council's established fiscal policies, Strategic Plan, and maintains essential program delivery to the greatest extent possible. As part of the budget development process, the City Council held a special Budget Workshop on April 30, 2025, and staff presented departmental requests for Alternative Services Levels (changes to ongoing programs), capital outlay (equipment), CIP projects, and conference, training, and travel and received input from the City Council and the Public. A second special Budget Workshop was held on May 20, 2025, and staff presented the draft Operating and CIP budgets for Fiscal Year 2025/2026 and received input from the City Council and the Public. The Measures H/L Sales Tax Committee met on both April 14, 2025 and June 2, 2025 to discuss the proposed street, sewer system, and water system projects that should be funded and constructed over the next year or more.

An initial Public Hearing was held regarding the budget on June 10, 2025, and staff received additional input from the City Council and the Public. Both the Proposed Operating Budget and CIP Budget include essentially the same revenue and expenditure assumptions as what were

discussed at the Budget Workshop held on June 10<sup>th</sup>. However, the Proposed Operating Budget assumes the same Aquatics Program as last year including the continuation of mid-week Public Swim and potentially the extended season through August. This was made possible thanks to a renegotiated propane agreement by Matt Lishman, Recreation Superintendent, which will save the City approximately \$11,000 annually. Due to the financial constraints within the General Fund, staff will continue evaluating the extended aquatics season and making any further cost saving recommendations to the City Council at its meeting in July. Staff also plans on returning to the City Council this summer with the results of the Water and Wastewater Cost of Service Study and recommendations for an updated Master Fee Schedule, which will raise approximately \$168,941 in additional General Fund revenue. Tonight, staff is requesting the Council to adopt the Proposed Fiscal Year 2025/2026 Operating Budget and CIP Budget as presented.

**Discussion:**

The attached budget documents are the same format as in past years including multi-year summaries of all aggregate operating revenues and expenditures as well as detailed expenditure summaries for all City departments and divisions. Tonight, staff will present a brief overview of the major assumptions included in both the Proposed Fiscal Year 2025/2026 Operating Budget and CIP Budget.

**Options:**

1. Adopt the attached resolution approving and adopting the Proposed Fiscal Year 2025/2026 Operating Budget and CIP Budget as presented.
2. Make adjustments to either the Proposed Operating Budget and/or CIP Budget and adopt the budgets as adjusted.

**Cost:**

There is no cost associated with tonight's action.

**Environmental:**

Tonight's action is not directly applicable. Any projects requiring environmental review will undertake that review when the project moves forward.

**Budget Impact:**

If approved, the Proposed Operating Budget and CIP Budget would become the City's official spending plans for Fiscal Year 2025/2026. Both Budgets are living documents that can be revised at any time by the City Council.



M. Cleve Morris, City Manager

Dave Warren, Assistant City Manager/  
Director of Finance

**Attachments:**

- A. Resolution
- B. Proposed Operating Budget
- C. Proposed CIP Budget