



**OFFICE OF THE CITY MANAGER/EXECUTIVE DIRECTOR
65 Civic Avenue
Pittsburg, CA 94565**

TO: Mayor/Chair and Council/Governing Board Members

FROM: Garrett Evans, Executive Director/City Manager

SUBJECT: Adoption of City Council, Pittsburg Power Company, Successor Agency for the Redevelopment Agency of the City of Pittsburg, SW Pittsburg Geologic Hazard Abatement District II Resolutions Amending the Fiscal Year 2024-25 Budget Based on Year End Revenue and Expenditure Projections

MEETING DATE: March 17, 2025

EXECUTIVE SUMMARY

Staff has completed a Mid-Year Review of the Fiscal Year 2024/25 budget and has determined that budget adjustments are necessary to meet year-end projections.

FISCAL IMPACT

The proposed amendments to the City of Pittsburg Operating Budget for Fiscal Year 2024/25 include a decrease of \$4.4 million in revenue projections for all City funds (\$0.1 million General Fund decrease and \$4.3 million decrease in other funds), and a decrease of about \$29.7 million in expenditure appropriations over the current amended budget (\$1.8 million General Fund decrease and \$27.9 million decrease in other funds).

RECOMMENDATION

The City Council, Governing Boards of the Pittsburg Power Company (PPC), Successor Agency for the Redevelopment Agency, and the SW Pittsburg Geologic Hazard Abatement District II, approve the resolutions amending the Fiscal Year 2024/25 Budget to reflect anticipated revenues and expenditures for the current fiscal year as detailed in this report.

BACKGROUND

The following Operating Budgets for Fiscal Year 2024/25 were approved by the appropriate governing bodies on June 17, 2024:

- City of Pittsburgh City Resolution 24-14489
- Pittsburg Power Company PPC Resolution 24-467
- Successor Agency for the City of
Pittsburg Redevelopment Agency SA Resolution 24-056
- SW Pittsburg Geologic Hazard
Abatement District II GHAD Resolution 24-089

The budgets were developed based upon information at the time regarding anticipated revenues and expenditures from the period from July 1, 2024 through June 30, 2025. At the completion of the mid-point of the fiscal year, staff from all departments reviewed their budgets to identify any adjustments required to revenue projections and expenditure appropriations.

The goal of this mid-year analysis is to update the budget to reflect significant budget changes and to develop the financial starting point for development of the Fiscal Year 2025/26 Budget.

SUBCOMMITTEE FINDINGS

The proposed budget amendments were reviewed by the Budget Sustainability Ad Hoc Subcommittee on February 13, 2025 and March 7, 2025.

STAFF ANALYSIS

The information below provides an overview of projected revenues and expenditures for those City funds with projected significant variances from the budget as currently adopted.

GENERAL FUND

The chart below provides an overview of the major General Fund revenue and expenditure categories. It is projected that Fiscal Year 2024/25 General Fund revenues will fall short of the budgeted amount by \$0.1 million and that expenditure appropriation decreases totaling \$1.8 million are required. While the amended budget provided for a General Fund net shortfall of \$2.3 million, it is currently projected that the General Fund will end the fiscal year with a projected net shortfall of \$0.7 million.

General Fund		Fiscal Year 2023-2024 Actual	Fiscal Year 2024-2025 Amended Budget	Fiscal Year 2024-2025 Projected	Proposed Amendments
Revenues	Admin O/H	2,036,710	2,495,077	2,495,077	-
	City Clerk	-	45	45	-
	Code Enforcement	153,627	161,000	168,500	7,500
	Engineering	1,590,294	2,247,700	1,354,465	(893,235)
	Finance	2,582	-	-	-
	Human Resources	67,856	-	-	-
	Non-Dept	40,843,615	39,248,067	39,896,476	648,409
	Permit Center	2,021,059	2,530,550	2,546,450	15,900
	Planning	834,791	683,500	705,500	22,000
	Police	9,333,759	8,495,395	8,495,395	-
	Public Works	2,802,464	3,244,500	3,283,537	39,037
	Recreation	1,560,325	1,552,211	1,572,921	20,710
	Transfers In	3,456,462	410,000	410,000	-
Revenues Total		64,703,544	61,068,045	60,928,366	(139,679)
Salaries & Benefits	Attorney	325,496	360,517	326,437	(34,080)
	Clerk	274,787	364,915	290,645	(74,270)
	City Manager	99,266	116,354	114,187	(2,167)
	Code Enforcement	708,722	740,257	646,989	(93,268)
	City Council	130,060	124,514	115,644	(8,870)
	Engineering	2,401,198	3,421,626	2,538,766	(882,860)
	Finance	1,393,097	1,529,233	1,496,036	(33,197)
	Human Resources	994,560	1,030,971	1,063,573	32,602
	Police	27,186,638	29,855,292	28,035,292	(1,820,000)
	Permit Center	1,352,952	1,635,878	1,547,376	(88,502)
	Planning	1,243,656	1,248,831	1,272,777	23,946
	Public Work	2,336,594	2,623,041	2,481,723	(141,318)
	Recreation	1,762,578	1,819,641	1,633,651	(185,990)
	Treasurer	6,260	6,215	6,260	45
Salaries & Benefits Total		40,215,864	44,877,285	41,569,356	(3,307,929)
Operating Expenditures	Attorney	81,590	145,660	80,560	(65,100)
	Clerk	169,854	246,019	248,949	2,930
	City Manager	44,349	41,975	28,700	(13,275)
	Code Enforcement	87,970	176,619	111,003	(65,616)
	City Council	19,779	45,150	24,250	(20,900)
	Engineering	747,728	609,049	556,049	(53,000)
	Finance	280,735	557,969	453,669	(104,300)
	Human Resources	418,641	318,496	316,496	(2,000)
	Police	6,982,630	7,490,350	7,597,238	106,888
	Permit Center	602,249	422,842	407,050	(15,792)
	Planning	309,164	153,199	150,849	(2,350)
	Public Work	1,456,801	2,048,470	2,559,430	510,960
	Recreation	975,711	932,681	934,821	2,140
	Non Departmental	6,610,140	1,344,333	3,673,549	2,329,216
	Transfers Out	4,441,560	2,384,300	2,384,300	-
Operating Expenditures Total		23,228,901	16,917,112	19,526,913	2,609,801
Surplus (Deficit) w/o Projects & Capital Expenditures		1,258,779	(726,352)	(167,903)	558,449
Capital Expenditures		753,022	1,605,632	521,250	(1,084,382)
Projects		8,387,103	-	-	-
Return to Source Transfer In		(2,170,803)	-	-	-
Surplus (Deficit)		(5,710,543)	(2,331,984)	(689,153)	1,642,831

General Fund Revenues

The Fiscal Year 2024/25 Budget amended forecasted General Fund revenue of \$61 million. Based upon information currently available, it is projected that General Fund revenue will total \$60.9 million by the end of the fiscal year. Anticipated changes include the following:

Sales Tax

The Fiscal Year 2024/25 budget projected \$12.3 million. Due to unforeseen economic changes, the mid-year budget has been revised to reflect a reduction of \$0.3 million, the revised total is now \$12 million.

Property Tax

Secured property tax revenue was budgeted at \$3.9 million. Based upon continued analysis and receipts through December 2024, it is projected that the total amount received this fiscal year will increase by about \$0.1 million over the budgeted amount for a total of about \$4 million.

Redevelopment Property Tax Trust Fund (RPPTF)

The General Fund's RPPTF allocation was budgeted at \$3.5 million. Based on continued analysis, it is projected that the total amount received this fiscal year will increase by about \$0.6 million for a total of \$4.1 million.

Franchise Fees

The City's franchise fees on cable, refuse, recycling and utilities were budgeted to generate \$5.7 million in revenue this fiscal year. Based upon revenue received to date, it is projected that franchise fee revenue will exceed the budgeted amount by about \$0.1 million for a total of \$5.8 million.

Transient Occupancy Taxes

The City's transient occupancy tax revenues were projected to generate \$1.1 million in revenue this fiscal year, primarily due to the anticipated August 2004 opening of a new hotel within the City. Due to unanticipated delays in the opening, it is projected that transient occupancy taxes will fall short of the budgeted amount by about \$0.3 million for a total of \$0.8 million.

General Fund Expenditures

The current amended budgeted General Fund expenditure appropriations total \$63.4 million including personnel costs and capital expenditures. Based upon a review of all departmental budgets, it is projected that General fund expenditures will total \$61.6 million by the end of the fiscal year – a decrease of \$1.8 million over the current budget.

General Fund Working Capital Reserve Balance

The General Fund available fund balance as of June 30, 2024 was \$20.5 million. With the projected net decrease of \$0.7 million, the projected available fund balance at June 30, 2025 is estimated to be \$19.8 million or 34.4% of operating expenditures. This balance exceeds the required operating reserve requirement of 30% of operating expenditures per the Fiscal Sustainability Ordinance.

OTHER FUNDS

Internal Service Funds

The proposed amendments to the Internal Service Funds reflect an increase of revenue allocations from other City funds to the Employee Fringe Benefit Fund of \$2.8 million. Retiree medical benefits paid out of the OPEB fund, employee fringe benefits and liability insurance costs were originally budgeted at departmental level. The mid-year budget moves those costs to reflect under the respective funds totaling \$8.6 million.

	FY 2023-24		FY 2024-25	
	Actual	ANNUAL Amended Budget	Projected Year End	Proposed Amendments
Fund 601 Information/Communication Systems				
Revenues	3,664,967	2,329,346	2,329,346	-
Expense	3,393,824	2,398,502	2,364,634	(33,868)
Net	271,143	(69,156)	(35,288)	33,868
Fund 611 Fleet Maintenance				
Revenues	3,173,704	2,238,386	2,227,669	(10,717)
Expense	3,039,955	3,730,938	3,652,032	(78,906)
Net	133,749	(1,492,552)	(1,424,363)	68,189
Fund 621 Building Maintenance				
Revenues	3,299,172	2,712,002	2,661,339	(50,663)
Expense	2,906,328	3,275,160	2,964,445	(310,715)
Net	392,844	(563,158)	(303,106)	260,052
Fund 631 Employee Fringe Benefits				
Revenues	3,512,766	1,000,000	3,779,471	2,779,471
Expense	3,152,588	31,417	3,701,471	3,670,054
Net	360,178	968,583	78,000	(890,583)
Fund 632 Pension Trust				
Revenues	681,391	481,954	935	(481,019)
Expense	17,677	222,338	-	(222,338)
To Trust Reserve	663,714	-	-	-
Net	-	259,616	935	(258,681)
Fund 635 Other Post-Employment Benefits (OPEB)				
Revenues	2,296,068	3,103,000	3,103,000	-
Expense	2,425,631	-	2,678,338	2,678,338
Net	(129,563)	3,103,000	424,662	(2,678,338)
Fund 641 Insurance - Liability Insurance				
Revenues	2,985,167	3,393,240	3,393,240	-
Expense	2,856,711	-	2,264,616	2,264,616
Net	128,456	3,393,240	1,128,624	(2,264,616)

Enterprise Funds

The proposed amendments to the City's Enterprise Fund budgets resulted in a net increase of \$10.1 million, out of which \$10 million are reductions of capital project costs deferred to future years.

	FY 2023-24		FY 2024-25	
	Actual	ANNUAL Amended Budget	Projected Year End	Proposed Amendments
Fund 501 Water Operations				
Revenues	38,769,578	28,756,000	28,820,885	64,885
Expense - Non CIP	28,143,110	32,074,961	32,024,189	(50,772)
Expense - CIP	2,841,855	76,197,692	66,197,692	(10,000,000)
Net	7,784,613	(79,516,653)	(69,400,996)	10,115,657
Fund 521 Sewer Maintenance				
Revenues	5,206,981	5,292,550	5,292,550	-
Expense	5,746,384	5,188,539	5,187,138	(1,401)
Net	(539,403)	104,011	105,412	1,401
Fund 540 Water Front Operations				
Revenues	982,300	1,587,238	1,044,453	(542,785)
Expense	1,039,282	1,573,891	1,591,621	17,730
Net	(56,982)	13,347	(547,168)	(560,515)
Fund 550 Marina - Marina Operations				
Revenues	5,612,776	2,196,014	2,196,014	-
Expense	5,388,067	3,451,280	2,723,802	(727,478)
Net	224,709	(1,255,266)	(527,788)	727,478
Fund 580 Island Energy				
Revenues	8,670,690	10,049,196	9,512,965	(536,231)
Expense	8,513,496	11,201,182	10,175,405	(1,025,777)
Net	157,194	(1,151,986)	(662,440)	489,546
Fund 590 Pittsburg Power				
Revenues	3,163,224	4,547,430	3,980,017	(567,413)
Expense	2,966,946	2,718,567	2,819,668	101,101
Net	196,278	1,828,863	1,160,349	(668,514)

Special Revenue Funds

The proposed budget amendments to the Special Revenue Fund group will increase the projected year-end fund balance overall by \$12.4 million. This increase is primarily the result of June 30, 2024 audit adjustments to the ARPA fund, which affects the timing of revenue and expenditure recognition. There is no budget impact, as the adjustments reflect the reclassification of revenues and deferred revenues. It is a timing difference that affects the year in which the revenue is recognized.

	FY 2023-24		FY 2024-25	
	Actual	ANNUAL Amended Budget	Projected Year End	Proposed Amendments
Fund 202				
Economic Development				
Revenues	646,800	809,650	803,150	(6,500)
Expense	3,096,361	1,767,364	1,554,644	(212,720)
Net	(2,449,561)	(957,714)	(751,494)	206,220
Fund 205				
Citywide Lighting & Landscape				
Revenues	5,894,977	5,437,000	5,503,544	66,544
Expense	6,191,666	6,151,447	5,851,980	(299,467)
Net	(296,689)	(714,447)	(348,436)	366,011
Fund 208				
Southwest Pittsburg - GHAD II				
Revenues	1,432,768	1,389,786	1,389,786	-
Expense	894,078	1,179,869	1,134,166	(45,703)
Net	538,690	209,917	255,620	45,703
Fund 210				
Solid Waste Fund				
Revenues	1,114,070	1,978,075	1,243,764	(734,311)
Expense	841,613	1,871,281	1,411,976	(459,305)
Net	272,457	106,794	(168,212)	(275,006)
Fund 226				
GHAD Administration				
Revenues	523,547	580,332	520,802	(59,530)
Expense	381,006	705,507	705,507	-
Net	142,541	(125,175)	(184,705)	(59,530)

STAFFING

No additional positions are recommended for the mid-year budget. Per California State Assembly Bill 2561, budgeted positions and vacancies are as follows:

Represented Employee Groups	Budgeted Positions	#Filled	#Vacant	Vacancy Rate
<i>AFSCME MPC</i>	83	71	12	14%
<i>IBEW</i>	7	6	1	14%
<i>POA</i>	79	73*	6	8%
<i>PMG</i>	8	8	0	0%
<i>TEAMSTERS</i>	78	73	5	6%

*9 positions are underfilled with Police Trainees

SUMMARY

The proposed budget amendments are based upon information available at this time and will result in an overall decrease of \$4.4 million to budgeted revenue and a decrease of \$29.7 million to expenditure appropriations for the 2024/25 fiscal year. These budget amendments will increase the projected year end working capital reserve fund balances by \$25.3 million dollars and reflects continuation of the fiscally responsible and conservative approach taken by the City Council and staff during the development of the Fiscal Year 2024/25 City Budget last year.

ATTACHMENTS: City Council Resolution
 Pittsburg Power Company Resolution
 Successor Agency Resolution
 SW Pittsburg Geologic Hazard Abatement District II Resolution

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