



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE:** June 9, 2025

**ITEM TITLE:** Consideration of Adopting a Resolution Adopting the Biennial Budget for Fiscal Years (FY) 2025-27, Including the Two-Year Operating and Capital Budgets, for the City of San Carlos.

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### RECOMMENDATION:

Staff recommend that the City Council adopt a Resolution adopting the biennial budget for fiscal years (FY) 2025-27, including the Operating and Capital Budgets, for the City of San Carlos.

### FISCAL IMPLICATIONS:

The attached proposed budget for the City of San Carlos represents appropriations in FY 2025-26 totaling \$129,060,778 and FY 2026-27 totaling \$122,286,039. For additional financial overview information, please refer to the various summary sections in the attached proposed budget document.

### BACKGROUND:

The City Council held a Budget Study Session on April 29, 2025 to review the proposed changes in revenues, expenditures, transfers, programs, and capital projects for the FY 2025-27 budget. The attached proposed budget reflects the funding priorities that the City Council directed staff to incorporate into the proposed budget document.

### ANALYSIS:

The proposed budget includes the following items that were added and/or modified at the Council's request following the Budget Study Session:

Changes made during the April 29, 2025 Budget Study Session:

- Downtown Planning Initiative Project (C2105). Increased the grant funding from \$120,000 to \$300,000 in FY 2025-26 since the full grant was awarded.
- Comprehensive East Side Master Streetscape Plan (C2207). Increased the appropriation in FY 2025-26 to \$150,000 to expand the scope of work to include the Northeast Area Specific Plan, the full segment of Industrial Road, and streets in the Industrial Arts District.
- Tree Well Replacement on Industrial Road (C2212). Moved this project in the amount of \$360,000 to the Unfunded list to prioritize the streetscape plan and approach this project with an updated timeline.

Changes made during the May 12, 2025 City Council meeting:

- Roof Replacement and Solar Panel Upgrade (C2410). Increased the appropriation in FY 2024-25 by \$250,800 for a total project budget of \$425,800. This appropriation was offset by grant funding from Peninsula Clean Energy in the same amount, leaving no impact to the fund balance.
- Library Roof Upgrade (C2419). Increased the appropriation in FY 2024-25 by \$119,380 for a total project budget of \$369,380.

These recommendations and adjustments have all been incorporated into this proposed budget. Additional details on all the funds can be found in the Budget Transmittal Letter, Basis of Budget Preparation, and Major Funds Summary documents in the proposed budget.

In celebration of the City's centennial year, the proposed budget book incorporates the centennial theme with history woven throughout the document.

ALTERNATIVES:

The alternatives available to the City Council include:

1. Adopt a Resolution adopting the Biennial Budget for Fiscal Years 2025-27, including the Operating and Capital Budgets for the City of San Carlos; or
2. Do not adopt a Resolution; or
3. Provide staff with alternative direction.

Respectfully submitted by:

Rebecca Mendenhall, Administrative Services Director

Approved for submission by:



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Jeff Maltbie, City Manager

ATTACHMENT(S):

1. Resolution
2. Proposed Fiscal Year 2025-27 Biennial Budget