

MEMORANDUM



TO: MAYOR AND CITY COUNCIL
FROM: VICTOR CARDENAS, CITY MANAGER
SUBJECT: PROPOSED FY 28 AND FY 29 PLAN
DATE: MAY 28, 2026

At the April 13th City Council meeting/budget discussion, City Administration was directed to develop a plan to bring the fund balance percentages back into the desired ranges for our projected Fiscal Years 2028 and 2029. The following details how we intend to meet that expectation, with the fund balance in FY 29 at **29%**, or **\$14.5 million**.

Put briefly, it is my recommendation that we reduce our operational or recurring expenses by (on average) **\$1.4 million** over the next three years. I believe we can arrive at this number primarily by not filling open positions (10 positions in total). Most of these roles have gone unfilled for quite some time, so the number reflects the actual staffing levels that the City has maintained over the last few years, rather than the anticipated or budgeted levels. As we started initiating the process for this Fiscal Year, and as I outlined in my budget message, the dollars allocated for unfilled positions were used to “plug” holes elsewhere in the budget. With this recommendation, we are eliminating the open positions for the out years and sustaining the levels we've historically maintained. While the revised staffing plan is obviously not ideal, I'm confident that service delivery will not be unduly affected.

The other main area of expenses we recommend reducing is capital expenditures. Anticipated capital expenditures (heavy-duty equipment like plow trucks, fire apparatus, building generators, network servers, software licenses, etc.) are an ongoing issue simply because, as we have noted previously, the cost of everything just continues to go up; these things all cost exponentially more now than they did, say, 8 to 10 years ago. By way of illustration, and not to belabor the point, the cost of a single-axle truck has increased from roughly \$250,900 to \$326,900 over that period. A fire squad or ambulance (we've maintained two in the City's fleet) that cost about \$250,000 back then now costs nearly double that at \$482,434. To meet Council's stated goals, and because we have yet to identify the resources to fund them, we are pushing the larger items past year three while keeping some of the smaller things in the proposal.

These planned adjustments are our initial solution to the recurring operational overage that we were seeing. As we begin to experience open positions and have a chance to evaluate our service delivery as we get closer to FY 28 and 29, there will likely be additional opportunities to realize efficiencies.