



Agenda Item No: 1.g

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: October 7, 2025

Submitted by: Jerry Griggs

From: Finance

Subject:

Fiscal Year 2025-26 Q1 Financial Report

Financial Impact:

Fiscal Impact:

Fund	Revenues (Including Transfers-In)	Appropriations (Including Capital & Transfers-Out)
General Fund	-	(713,276)
Special Revenue	-	37,500
Capital Projects (All Funds)	8,874,557	21,368,816
Enterprise Funds	-	-
Internal Service Fund	60,000	60,000
Total	8,934,557	20,753,040

Summary:

The City's Operating Budget is reviewed and presented to the City Council quarterly for recommended amendments and to provide current information on the financial activities of the City. Additionally, these types of quarterly reports assist City departments in communicating their financial operations throughout the fiscal year, including any program changes and significant impacts to their annual budgets, as well as ensuring spending and revenues received throughout the year closely align with the adopted budget. This report includes requested departmental budget adjustments through the first quarter of Fiscal Year (FY) 2025-26, covering the period through September 2025, as well as continuing appropriations for capital projects from FY 2024-25 and cost reductions that were requested by City Council during the June 3, 2025, City Council meeting.

Recommendation:

Recommended Action: It is recommended that the City Council:

1. Approve the First Quarter Budget Report and adopt Resolution No. R-2025-53, amending the City's FY 2025-26 Budget; and
2. Authorize Position Allocation Plan.

Strategic Plan Statement:

This item is consistent with the City Council approved Five Year Strategic Plan, Goal 1: to Ensure Long-Term Fiscal Sustainability, specifically, Objective 1.6: Update the existing 10-Year Financial Plan.

Discussion:

The City adopted a balanced budget for FY 2025-26 on June 3, 2025, utilizing a combination of departmental reductions, one-time revenues and monies set aside within the City's Section 115 trust, which is designed to fund retiree health costs and the unfunded actuarial liability (UAL) payment to CalPERS, while also setting aside funds in reserves. During the June 3rd meeting, City Council directed Staff to review potential cost-saving measures and return with recommendations within 90 days of budget adoption. With a focus on long term fiscal sustainability, staff has analyzed all revenue and expenses in the current fiscal year's budget, and is proposing the elimination of four (4) positions, as well as various reductions in operating accounts in the recommended action. Reductions in operating expenses include legal services (\$75,000), bank and postage fees (\$15,000), and cancellation of software contracts (\$80,000).

The proposed staffing reductions include:

1. *Elimination of the IT Sergeant position (\$106,000 annual savings).* Following a promotion of the incumbent IT Sergeant, the Police Department has determined this position, while valuable to the organization, can be eliminated with contract IT help brought in to support the needs of the department. The savings stated is the net reduction to the General Fund after eliminating the position, but retaining \$150,000 for contract IT costs.
2. *Elimination of the Emergency & Health Services Manager (\$142,000 annual savings).* The City is reviewing its management of its emergency operations, including service provision options, and the duties of this position will be absorbed by staff in other departments.
3. *Elimination of the Public Works Superintendent (\$164,000 annual savings) .* Following the upcoming retirement of the incumbent in this position, staff has determined the duties of this position can be absorbed by the Public Works Manager, once hired. Staff will assess the impact on service delivery to the community due to this action at the FY25/26 Mid-Year Budget review.
4. *Elimination of the Human Resources Clerk (\$67,000 annual savings)-* This is part of a large reorganization in the Human Resources and Administrative Services departments which also includes the reclassifications of the Risk Manager to a Risk Analyst, and a Senior Human Resources Technician to a Human Resources Technician.

Other staffing changes include the reclassification of the Deputy Director of Public Works-Operations to a Public Works Manager and the Senior Management Analyst to a Management Analyst in Public Works.

In addition to the proposed operating reductions, staff has identified potential new sources of revenue and will present those options to the City Council later this fall.

General Fund: The General Fund FY 2025-26 Adopted Budget included revenues of \$53.5 million and expenditures of \$52.6 million. The proposed operating budget adjustments in the FY 2025-26 First Quarter Budget Report include a net decrease in expenditures of \$713,276. This decrease is due to \$75,000 reduction in legal services and other smaller operating reductions, but primarily the salary savings previously mentioned above. Increased expenditures in Human Resources and Development Services are for Purchase Orders that need to be carried forward for contracts that were not completed in FY24-25 (\$53,223).

Adjustments to General Fund revenue is related to capital projects being carried over from FY 2024-25, specifically grants awarded but not yet received in support the public safety building project.

General Fund Revenue:

	2025-26 Adopted	2025-26 Q1 Requests	2025-26 Q1 Amended
Revenue			
Property Taxes	22,755,799	-	22,755,799
Sales & Use Taxes	8,449,079	-	8,449,079
Other Taxes	8,852,995	-	8,852,995
Permits/ Licenses	3,073,242	-	3,073,242
Fines & Forfeitures	644,200	-	644,200
Intergovernmental	329,015	-	329,015
Charges for Service	1,885,975	-	1,885,975
Misc. Revenue	2,159,260	-	2,159,260
Subtotal Revenues	48,149,565	-	48,149,565
Operating Transfers-In	455,100	-	455,100
Measure U Transfer In:		-	
Employee Retention	2,665,800	-	2,665,800
OPEB	888,600	-	888,600
Reserve	888,600		888,600
Subtotal Transfers-In	4,898,100	-	4,898,100
Total Operating Resources	53,543,058	-	53,543,058
Capital Projects Revenue	-	955,551	955,551
Total Revenue	53,543,058	955,551	54,003,216

General Fund Expenditures:

	2025-26 Adopted	2025-26 Q1 Requests	2025-26 Q1 Amended
Operating Expenditures			
Legislative	1,006,073	(75,000)	931,073
City Administrator	752,975	-	752,975
Administrative Services	5,576,750	-	5,576,750
Human Resources	880,400	11,825	892,225
Finance	1,495,000	-	1,495,000
Development Services	1,927,352	41,399	1,968,751
Public Safety-Police	14,716,986	-	14,716,986
Fire & Life Safety	5,402,550	-	5,402,550
Public Works	4,685,350	-	4,685,350
Community Services	3,548,786	-	3,548,786
General Government	6,300,136	(766,500)	5,704,136
Subtotal Operating Expenditures	46,292,358	(713,276)	45,579,082

Non-Operating Expenditures			
Interfund Transfers Out	61,000	-	143,756
GF Debt Service	6,301,000	-	6,458,866
Subtotal Non-Operating Expenditures	6,362,000	-	6,602,622
Capital Improvement Program	0	2,210,422	2,210,422
Total Expenditures	52,654,358	1,497,146	54,487,626

Special Revenue Funds: Minor adjustments to the FY 2025-26 operating budgets in special revenue funds are proposed in the first quarter. See Exhibit A on the attached resolution for a detailed list of projects being carried over.

- PEG: Increase of \$30,000 for media services to record and broadcast City Council and committee meetings
- Technology Fund: \$7,500 for chatbot plug-in on the City's website.

Internal Services Funds: Minor adjustments to the FY 2025-26 operating budgets in internal services funds are proposed in the first quarter.

Risk Management: \$60,000 in revenue and expenditures to cover repair costs related to an accident at the Placentia Navigation Center. The City is pursuing reimbursement through related parties' insurance.

Capital Projects: The FY 2025-26 First Quarter Budget Report includes projects from the previous fiscal year that have not been completed and will be continued into the current fiscal year (carried over). Below is a summary of the capital projects' funding sources to be carried forward with the specific projects identified on Exhibit A of the attached resolution.

FY 2024-25 Capital Projects to be Carried Forward into FY 2025-26		
	Revenue	Expense
101 - General Fund	955,551	2,210,422
102 - Measure U	-	1,638,926
201 - Air Quality Management	-	173,333
206 - EIFD	-	9,904,706
208 - General Plan Update Fees	-	602,409
211 - Measure M	-	448,069
214 - PEG	-	62,615
216 - Public Safety CFD 2014-01	-	98,643
217 - State Gas Tax - RMRA	-	265,343
221 - Technology Impact Fees	-	60,000
226 - County Grants	272,800	272,800
301 - Public Safety Impact Fee	-	64,624
302 - Quimby In Lieu Impact Fee	-	330,420
303 - Traffic Impact Fee	-	108,000

304 - Affordable Housing Impact Fee	-	55,000
307 - Parks & Rec Impact Fee	-	223,221
308 - TOD Sewer Impact Fee	-	53,222
310 - TOD Traffic Impact Fee	-	181,382
311 - Fire Impact Fee	-	3,611
505 - City Capital Projects	4,846,591	3,252,382
DNU-280 - Misc Grant Fund	2,799,744	1,359,688
Total	8,874,557	21,368,816

See Exhibit A on the attached resolution for a detailed list of projects being carried over.

Fiscal Impact Summary:

The fiscal impact associated with the approval of this item is summarized below with the detailed budget adjustments as listed in Exhibit A.

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Staff will continue to monitor revenue and expenses throughout the fiscal year and develop a plan reduce the reliance of one-time revenues and build reserves. It should be noted that historically revenue received for property tax has been higher than budgeted for the past several years and Staff is cautiously optimistic that this trend will continue for FY 2025-26, thereby helping to increase the projected reserve level. In addition, Council recently directed Staff to research additional revenue opportunities that may be considered, and Staff will be presenting those options in the coming months.

Attachments

[Attachment 1: Resolution No. R-2025-53 - FY25-26 Q1 Financial Report.docx](#)

[Position_Allocation_Plan_FY25.26_Q1_Effective_October_7__2025 \(1\).pdf](#)

[Exhibit A - Detail Carry Over list Final.pdf](#)