



## **COUNCIL REPORT**

<b>DATE:</b>	June 10, 2025
<b>CATEGORY:</b>	Public Hearing
<b>DEPT.:</b>	City Manager's Office, Finance and Administrative Services
<b>TITLE:</b>	<b>Fiscal Year 2025-26 Recommended Budget</b>

### **RECOMMENDATION**

1. Convene a public hearing, accept public comment, and provide input to staff on the Fiscal Year 2025-26 Recommended Budget (Attachment 1 to the Council report).
2. Appropriate and transfer \$100,000 from the Shoreline Golf Links Fund to the General Operating Fund in Fiscal Year 2024-25.
3. Appropriate and transfer \$2,800,000 from the Retiree Health Fund to the Development Services Fund and \$2,800,000 from the Shoreline Regional Park Community Fund to the Retiree Health Fund in Fiscal Year 2024-25 to rebalance funding allocations for retiree health liabilities.

### **BACKGROUND**

The Fiscal Year 2025-26 Recommended Budget has been prepared in accordance with Section 1103 of the City Charter, the State Constitutional limit on the proceeds of taxes, and all applicable regulations. It contains the proposed financial plan for the General Operating Fund (GOF) and all other City of Mountain View (City) funds as well as the Shoreline Regional Park Community (Shoreline Community), a special government district administered by the City.

The budget process began in November 2024 and will conclude with the adoption of the annual budget at the last Council meeting of June. The preliminary budget recommendations for the General Fund were presented to the City Council on April 8, 2025. Councilmembers reviewed the preliminary budget recommendations and provided feedback. Most recommendations have been incorporated into the Recommended Budget; some need further review and additional funding and will be brought to Council during the Mid-Year Budget Update in February 2026.

The Recommended Budget document has been available for public review on the City's website since May 30, 2025.

## **ANALYSIS**

At the April 8, 2025 budget meeting, staff presented the preliminary Fiscal Year 2025-26 budget recommendations. The City Council asked questions and provided input to staff. Most of the items listed below have been incorporated into the Recommended Budget and are reflected in the total City Budget as well as the GOF budget amounts.

### **Council Feedback from the April 8, 2025 Preliminary Budget Review:**

- a. *Explore the cost and implementation of AI translation tools at public meetings, such as Council and committee meetings.*

Limited-period funding of \$60,000 is included in the Recommended Budget to purchase AI translation tools for Council and committee meetings, including the Wordly AI translation tool.

- b. *Explore funding strategies to address the Public Safety Building funding gap, including potential transfers from the Equipment Replacement Fund (ERF).*

The transfer from the General Fund to the ERF has been paused for Fiscal Year 2025-26. Alternatively, a transfer of \$1,414,100 from the General Fund to the Public Safety Building is included in the Recommended Budget. Staff will continue to evaluate the funding status of both the ERF and the Public Safety Building, with the intention of pausing ERF funding until a total of \$5.0 million can be transferred to the Public Safety Project.

- c. *Evaluate economic vitality, including opportunities to enhance revenue sources, such as developing a downtown entertainment district to expand the City's revenue potential and strengthening the Economic Development Division.*

Two limited-period fundings are being recommended in this budget:

- \$350,000 for contract services related to Economic Development programs and grants.
- \$200,000 for contract services to support the implementation of the 2023-2031 Housing Element, Economic Vitality Strategy, and the Council Work Plan.

In addition, the recruitment for the vacant Economic Vitality Manager position has recently launched and staff will be analyzing options and costs for the following: enhancing public art via the Public Art Strategy; reviewing options for adding a new position to the division focusing on arts and culture; and looking into an entertainment district. Further recommendations will be brought to Council during the Mid-Year Budget Update.

d. *Explore the resources required to extend library hours on weekends.*

Additional ongoing funding and analysis is needed to determine the staffing and security requirements as well as the appropriate operating structure for extended weekend hours. Increasing open hours on Saturday and/or Sunday will require more funding for staff (librarians and security staff) to cover customer needs, security concerns, and administrative requirements. Staff needs more time to determine the appropriate operating structure and identify ongoing funding for expanding weekend hours. Staff will be further analyzing options and costs and will bring a recommendation to Council during the Mid-Year Budget Update.

In addition, the following budget items are recommended for the Council Work Plan that was reviewed by Council on April 22, 2025:

- a. *Low- and Middle-Income Homeownership Strategy*: Limited-period funding of \$50,000 was added to the Housing Element CIP to implement this strategy.
- b. *Citywide Broadband Network*: Limited-period funding of \$75,000 is included in this budget to develop a City Fiber Network Conceptual Design.
- c. *Citywide Objective Design Standards*: Limited-period funding of \$175,000 is included in this budget towards this effort.
- d. *Downtown Storefront Activation and Pop-Up Program*: Limited-period funding of \$100,000 is included in this budget towards this program. Staff may return Mid-Year with further recommendations.
- e. *2026 Revenue Measure*: Limited-period funding of \$100,000 is included in this budget for community polling and election preparation.

### **FISCAL YEAR 2025-26 BUDGET OVERVIEW**

Comprehensive information about the Fiscal Year 2025-26 Recommended Budget, proposed budget changes, and limited-period funding can be found in the Recommended Budget Document and [Transmittal Letter](#).

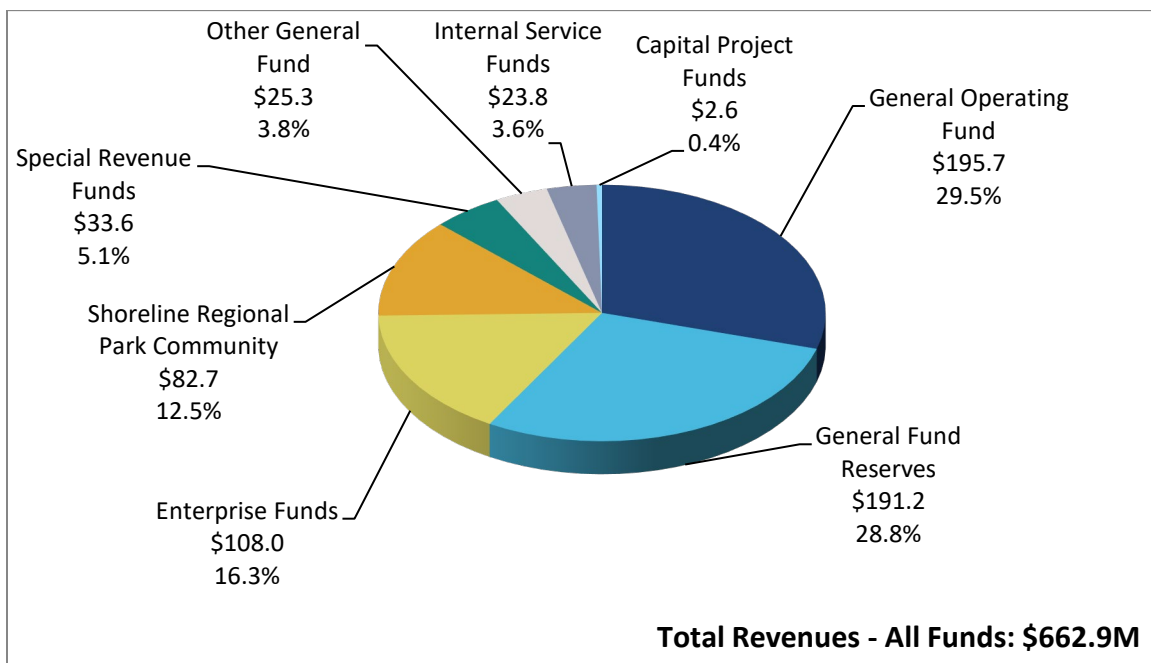
The Fiscal Year 2025-26 Recommended Budget is structurally balanced and continues the recent trend of a slightly positive, yet slowing, economic outlook that stems from uncertainty in key economic indicators as well as slowing or minimal growth in property tax, sales tax, and other local tax revenues.

The total Recommended Budget for Fiscal Year 2025-26 includes \$662.9 million in revenues and \$648.9 million in expenditures for all funds (excluding a projected vacancy factor of \$11.8 million in the General Operating Fund and the Development Services Fund).

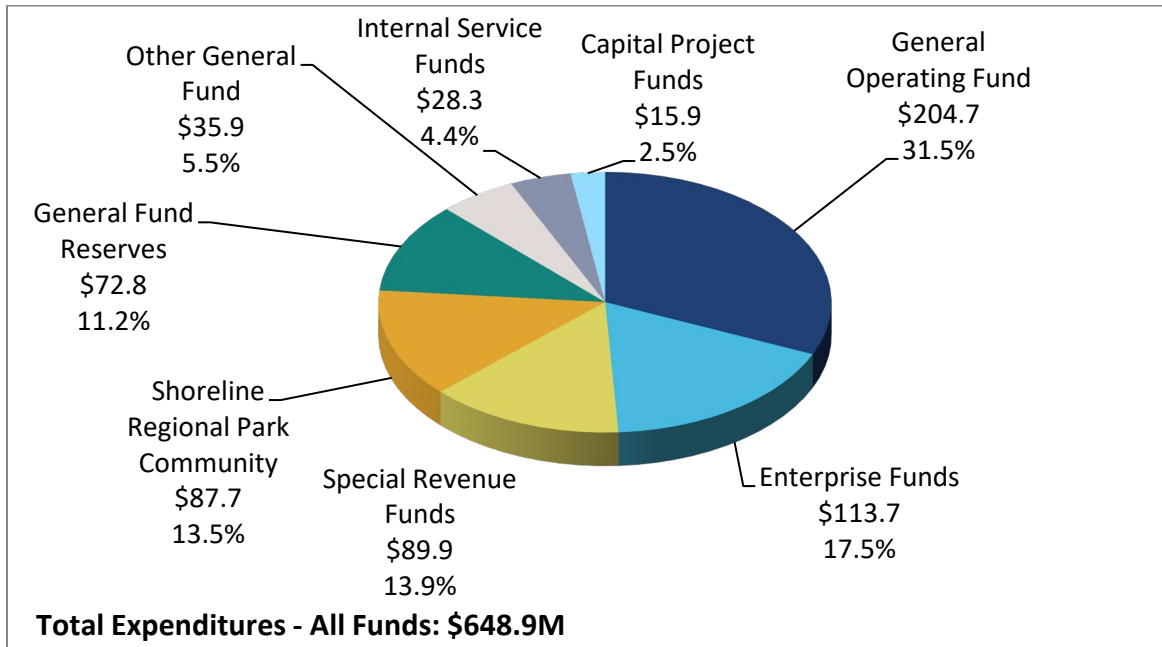
Some expenditures, such as capital projects, are funded from existing available resources, including the planned use of reserves.

The Fund Schedules Section of this document presents the City's financial picture in greater detail.

**Total Fiscal Year 2025-26 Recommended Revenues—All Funds  
(dollars in millions)**



**Total Fiscal Year 2025-26 Recommended Expenditures—All Funds  
(dollars in millions)**



*Revenue may be less than expenditures due to the use of fund balance/equity in excess of reserves.*

**FISCAL YEAR 2024-25 BUDGET AMENDMENTS:**

**Appropriate and transfer \$100,000 from the Shoreline Golf Links Fund to the General Operating Fund:** The Shoreline Golf Links Fund is expected to have an operating surplus of \$23,000. With an additional balance from the prior year, staff recommends a transfer of \$100,000 at the end of the year to the General Operating Fund.

**Appropriate and transfer \$2,800,000 from the Retiree Health Fund to the Development Services Fund:** The Retiree Health Fund is established as an internal service fund to account for the City's other post-employment benefits (OPEB) liabilities. The City Council approved funding allocation changes from the Development Services Fund (DSF) to the General Fund and the Shoreline Regional Park Community Fund at the mid-year budget update. As a result, the OPEB liabilities associated with these FTEs are no longer part of the DSF. Staff estimates that approximately \$2.8 million is overfunded in the OPEB liabilities by the DSF and underfunded in the Shoreline Regional Park Community Fund and is recommending a transfer of to \$2.8 million, pending the results of year-end calculations, back to the DSF.

### **FISCAL IMPACT**

There is no fiscal impact as a result of the public hearing. Budget adoption is scheduled for June 24, 2025. The Recommended Budget provides a fiscal plan for the City for Fiscal Year 2025-26 with a balanced GOF and projected year-end operating balance of \$232,000. The Recommended Budget includes a total of \$1.0 million of non-discretionary increases, \$1.6 million for discretionary expenses, and \$7.7 million for limited-period items in the GOF.

Other fiscal impacts for Fiscal Year 2024-25 have been discussed above.

### **ALTERNATIVES**

Council may request modifications to the Fiscal Year 2025-26 Recommended Budget as presented or provide other direction prior to finalizing the budget on June 24, 2025.

### **LEVINE ACT**

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a “license, permit, or other entitlement for use” if the official has received a campaign contribution exceeding \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: [www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html](http://www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html)

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

#### **EXEMPT FROM THE LEVINE ACT**

☒ General policy and legislative actions

**PUBLIC NOTICING**

Agenda posting, notice of fee modification as required, and notice of the public hearing was published in the *Daily Post* and the *Mountain View Voice*, both newspapers of general circulation.

Prepared by:

Grace Zheng  
Assistant Finance and Administrative  
Services Director

Approved by:

Derek Rampone  
Finance and Administrative  
Services Director

Arn Andrews  
Assistant City Manager

Kimbra McCarthy  
City Manager

GZ/4/CAM  
541-06-10-25CR  
204886

Attachment: 1. [Fiscal Year 2025-26 Recommended Budget](#)