



## **STAFF REPORT TO THE CITY COUNCIL**

**DATE:** Regular Meeting of May 27, 2025

**TO:** Members of the City Council

**SUBMITTED BY:** Dante Hall, City Manager  
Edwin Gato, Director of Finance

**SUBJECT:** Public Hearing on Proposed FY 2025-26 City of Hercules Budget Plan including the First Year of the Ten-Year 2026–35 Capital Improvement Plan (CIP)

### **RECOMMENDED ACTION:**

Open the public hearing, receive the staff report, take public testimony, and tentatively continue the public hearing to June 10, 2025. The City Council is encouraged to discuss and provide policy directions to staff regarding the approval of the proposed FY 2025-26 Annual Budget.

### **COMMISSION/SUBCOMMITTEE ACTION AND RECOMMENDATION:**

During a special meeting held on April 16, 2025, the Finance Commission convened to thoroughly review and engage in a detailed discussion of the proposed budget for fiscal year 2025-26. After careful consideration of the various elements and implications of the budget, the Commission unanimously expressed its strong support for the proposal, indicating confidence in its potential to meet the community's needs.

### **BACKGROUND:**

On April 22, 2025, the City Council held a budget workshop during its regular meeting to conduct a thorough review of the proposed Ten-Year Capital Improvement Plan (CIP) and the Annual Budget for Fiscal Year 2025-2026.

Tonight's meeting is the first public hearing for the comprehensive recommended annual budget, providing an opportunity for community input and engagement. The feedback received during this session, along with any alternative suggestions, will be carefully considered. All necessary revisions will be incorporated into the final version of the Annual Budget for Fiscal Year 2025-26. The Council is expected to tentatively recommend this finalized budget for adoption on June 10, 2025, facilitating the planning and implementation of future projects that will benefit the community.

## ANALYSIS:

In addition to the overall assumptions articulated during the budget workshops, the budget documents provide a comprehensive list of significant budget increases, as outlined on page 37 of Attachment 1.

The following additions have been made to the budget since the budget workshop on April 22, 2025:

		Budget Impact		
		General Fund	Other Funds	Total
<b>Ongoing costs:</b>	<b>Funding Sources:</b>			
DocuSign Contract Lifecycle Management Platform	Internal Service Fund	-	\$19,624	\$19,624
<b>Total, Ongong</b>		<b>\$0</b>	<b>\$19,624</b>	<b>\$19,624</b>

  

<b>One-Time Costs:</b>				
Marshfield Consulting	Internal Service Fund	-	\$50,000	\$50,000
Quad-City CORE Homeless Services Pilot Program	General Fund Reserve	\$48,965	-	\$48,965
<b>Total, One-Time</b>		<b>\$48,965</b>	<b>\$50,000</b>	<b>\$98,965</b>
<b>Total</b>		<b>\$48,965</b>	<b>\$69,624</b>	<b>\$118,589</b>

The complete proposed FY 2025-26 Annual Budget, including the City Manager's Budget Message, is available for review on the City's website ([www.ci.hercules.ca.us](http://www.ci.hercules.ca.us)) and can be accessed via the following link: <https://www.ci.hercules.ca.us/government/finance/budgets>.

It is important to note that the proposed FY 2025-26 Budget is a dynamic document and is subject to modification before its finalization and tentative adoption on June 10, 2025. The public hearing held this evening was announced in the local newspaper on May 15, 2025, to provide a formal platform for community input. Furthermore, any additional inquiries or proposals from the City Council will be integrated into Budget Referrals, which will be addressed in the Continued Public Hearing tentatively scheduled for June 10, 2025. During the City Council meeting on that date, there will be another opportunity for public input, and it is anticipated that the City Council will proceed with adopting the final budget.

## FISCAL IMPACT:

Should the City Council grant approval for all the proposed expenditures, the General Fund—the principal operating fund—is anticipated to conclude the fiscal year with a positive balance of \$423,000. The fund is projected to uphold a substantial operating reserve of \$5.1 million, representing 25% of the total General Fund budget. This reserve provides a critical financial buffer to support the city's ongoing operations and future initiatives.

Additionally, it is anticipated that non-general funds will conclude the fiscal year in the following manner:

(In millions)

<b>Fund Groups</b>	<b>Beginning Available Fund Balances</b>	<b>Estimated Revenues</b>	<b>Appropriations &amp; Change in Reserves</b>	<b>Projected Ending Available Fund Balances</b>
Special Revenues	\$13.3	\$6.4	\$8.5	\$11.2
Capital Projects	\$0.0	\$5.3	\$5.3	\$0.0
Debt Service	\$0.0	\$1.7	\$1.7	\$0.0
Sewer	\$10.0	\$7.7	\$15.5	\$2.2
Internal Service Funds	\$1.3	\$2.6	\$2.6	\$1.3

**ATTACHMENTS:**

1. FY 2025-26 Proposed Annual Budget