

Pleasanton's 2025 Budget Outlook

What's happening and why?

The City of Pleasanton is facing a \$10-\$12 million budget shortfall in its \$154 million General Fund budget for the next two years. While this may not seem like much compared to the total budget, the City keeps its budget very tight, so any cuts will be difficult. The imbalance between revenues and expenses has been building for years. On average, the City is facing a \$13 million annual budget deficit in each of the next 8 years. The City has taken numerous steps to address this imbalance, including deferring maintenance on its parks, buildings, pool, and roads. It is now time to make reductions in City services.

As plans are developed to address this shortfall, some in the community may be surprised and upset by the situation and the cuts that are being proposed. The City is facing reductions in services and programs that our community uses and enjoys. A cross-departmental team in the City has been working daily over the past several months to find solutions that will result in a balanced budget while minimizing reductions to the services that are most important to the community.

What is the City doing to fully understand this financial challenge?

The City prepared a 10-year forecast so that we know exactly what we are facing. In addition to the 10-year forecast, a recent independent financial assessment validated the methods used to develop the financial forecast and confirmed the magnitude of the budget deficit. Finally, the City Council received a report on potential strategies, risks, and benefits of utilizing pension trust funds in the near term. It is worth noting that the City's budget deficit will increase significantly if there is an economic slowdown.

What has the City done to address the budget imbalance?

In fiscal year 2023/24, the City saved money by leaving numerous vacant staff positions unfilled. In fiscal year 2024/25, the City made \$2.5 million in cuts including freezing unfilled positions, and reducing budgets for travel and training, operational materials and supplies, and contracted services. Revenue generating efforts over the past 2 years include increasing fees for hosting special events and using City facilities, and increasing fees that developers pay when building new projects in Pleasanton. Savings from fiscal year 2024/25 and new revenue from development, including Costco, were included in the City's 10-year forecast and do not make the budget imbalance smaller.

The City has been exploring ideas to increase revenues since 2024 including placing a ½ cent sales tax revenue measure on the November 2024 ballot that would have provided approximately \$10 million to the City. Measure PP did not pass, so the City began developing the next two-year budget, focusing on reducing costs.