



STAFF REPORT – CITY COUNCIL MEETING

TO: Honorable Mayor and City Council Members

FROM: Tabatha Miller, Finance Director

PREPARER: Tabatha Miller, Finance Director

DATE: May 8, 2025

TITLE: **Review Updated City Council Goals and Priority Projects for Fiscal Year 2025/2026.**

RECOMMENDATION:

It is recommended that the Council review and, if appropriate, make final revisions to the City Council Goals and Priority Projects for the Fiscal Year (FY) 2025-26 Budget.

INTRODUCTION:

The City Council reviewed and made recommended revisions and additions to the City Council Goals and Priority Projects at the April 8, 2025, Budget Study Work Session to reflect the current direction of the City Council. Those recommended revisions are incorporated into the attached clean draft documents for City Council review.

BACKGROUND:

The City's annual budget is not only a financial plan for the City but also represents the City's workplan for the year. The budget provides the resources for staff to meet the City Council's goals and to complete the projects and programs that City Council sets as the priority. It is through the budget that things get done in a City. It is recommended that the Council review and, if appropriate, make final revisions to the City Council Goals and Priority Projects which will be adopted as part of the FY 2025-26 Budget.

POLICY IMPLICATIONS:

The budget is developed consistent with policies that govern the stewardship of public funds and reflect the City's commitment to balanced financial planning. These include the following:

- The budget will balance ongoing expenditures with ongoing revenues.
- The employees have inherent value in their knowledge, experience, and dedication that far exceeds their monetary cost.
- The budget will ensure reserve balances are maintained as set by the City Council to respond to unexpected issues and emergencies.
- Revenues will be estimated at probable levels using the most current data.

- The City continues to work to reduce the Pension Unfunded Accrued Liability (UAL) in order to realize cost savings for future years and stabilize the funding status of the City's CalPERS pension program.

City program and service review considers the following factors:

A. Mandated to provide the program: The City is required to provide this program under

- a. federal, state, county law; or
- b. contractual obligation without the ability to terminate.

B. Community reliance on the City to provide the program: Programs for which residents, businesses and visitors can look only to the City to obtain the service vs. programs that may be similarly obtained from another intergovernmental agency or a private business.

C. Cost recovery of the program: Programs that demonstrate the ability to "pay for themselves" through user fees, intergovernmental grants or other specifically dedicated revenues vs. programs that generate limited or no funding to cover their cost.

D. Demand for the program: Programs demonstrating high levels of current or anticipated demand or usage vs. programs that show little demand or usage.

E. Portion of the community served: Programs that benefit or serve a larger segment of the City's residents, businesses and/or visitors vs. programs that benefit or serve only a small segment of these populations while being mindful of vulnerable and underserved communities in our City.

BUDGET/FISCAL IMPACT:

While the final adopted budget has direct budget and fiscal impact, reviewing and revising goals, priority projects and objectives has indirect impact in that it provides budget planning documents for staff and budget policy documents for the City Council. The budget and fiscal impacts will be developed as part of the Proposed Budget for FY 2025-26.

RECOMMENDED COUNCIL ACTION:

Provide feedback and direction to staff on the Revised City Council Goals and Priority Projects to guide development of the City of Arcata's FY 2025-26 Annual Budget.

ATTACHMENTS:

- A. Clean version of Revised City Council Goals
- B. Clean version of Updated City Council FY 2025-26 Priority Projects