



## City of Colusa California

### STAFF REPORT

**DATE:** June 17th, 2025  
**TO:** Mayor and Members of the City Council  
**FROM:** Ishrat Aziz-Khan, through Jesse Cain, City Manager

#### **AGENDA ITEM:**

Consideration of a Resolution approving the proposed budget and GANN Limit, as City Manager and City Staff recommended.

**Recommendation:** Council to adopt the Resolution approving the proposed Fiscal Year 2025-26 budget and approve the appropriation Limit for the fiscal year 2025-26.

#### **BACKGROUND ANALYSIS:**

The GANN limit is calculated based on the information provided by the Department of Finance, the increase or decrease in population at the local level, and the state level.

The City of Colusa annually prepares a budget for the fiscal operations of all departments. The budget serves as the city's financial plan for the fiscal year beginning July 1, 2025, and ending June 30, 2026. The proposed Budget FY 2025-26 was prepared before the fiscal year 2024-2025 closing, and the annual audit was conducted. The City policy allows sixty days to post the revenue and expenditure from the prior year at the year-end closing. The updated fund balance will be available at Mid-Year updates after closing the year and completing the audit.

The city staff met with the Ad Hoc Committee, Mayor, and Vice Mayor to review and complete the annual budgeting process for FY 2025-26. The budget reflects the city's continuous efforts to maintain fiscal responsibilities and deliver essential services most efficiently to the community.

This report outlines the key elements of the proposed budget and summarizes anticipated revenue and expenditures.

The budgeted beginning balance for the General Fund on June 30, 2025, is \$3,348,239.

The General Fund's projected revenue and expenditure for the proposed FY 2025-26 budget are \$11,442,176 and \$11,718,580, resulting in a \$276,404 deficit. To balance the budget, the Mayor and Vice Mayor is proposing the strategic use of funds from the Cannabis Revenue Fund. These funds, accumulated through local cannabis tax revenues, will be allocated in the

amount necessary to offset the projected shortfall. With this allocation, the General Fund budget for FY 25/26 is balanced with no deficit.

The use of \$276,404 from the Cannabis Revenue Fund will bring the FY 25/26 General Fund budget to balance. The City retains sufficient reserves within the Cannabis Fund to cover this allocation without compromising its long-term stability.

The projected tax increase in revenue is \$58,468, a slight increase in taxes, with a \$2,000 decrease in TOT as compared to the Mid-Year budget 2024-25. The franchise fee increased by \$12,000, and the businesses' license fee by \$1000. The rent income is increased by \$17,500, Motor vehicle fee in-lieu of by \$ 9,400, and revenue from other agencies is projected to increase by \$6,500.

The Leap grant of \$65,000, \$113,150 EHCRP, \$162,016 CalRecycle grant, \$4,200,000 Wescott Road/STIP, and \$500,000 from LTF and SBI funds towards the asphalt project are also included in the revenue.

The General Funds projected expenditures are \$ 11,718,580, which includes the Leap grant of \$65,000, the \$113,150 EHCRP grant, the \$162,016 CalRecycle grant, \$4,200,000 Wescott Road grant.

The Water Fund's beginning budgeted balance on June 30<sup>th</sup>, 2025, is \$5,662,045 with an increase of \$86,203, excluding the grants. The Walnut Ranch water project was budgeted for \$3,846,984, and the Water Well Consolidated grant \$6,87,600 is also included in the revenue. The expenditure was increased by \$950,954, including the Well 6 drilling expense, as compared to the Mid-Year budget. In Mid-Year, \$500,000 was budgeted for Well #6. The Water Well grant of \$6,876,000 and the Walnut Ranch project of \$3,654,244 are also included in the expenditures.

The Sewer Fund's beginning budgeted balance on June 30<sup>th</sup>, 2025, is \$8,433,333. The projected increase in revenue is \$140,453, excluding the grant amounts. The \$2,186,194 for the Walnut Ranch Sewer Project and the \$4,880,256 for the Wastewater Recycle grant are also included in the revenue. The expenditure has increased by \$261,553 compared to the Mid-year budget. The main increase is in indirect personnel costs and operating costs. The expenditure also included the grant expenditures of \$2,568,401 for Walnut Ranch and \$2,593,44 for the wastewater recycle grant. The three percent rate increase is added to the revenue per Prop 218 study recommendations.

The cannabis fund's beginning budgeted balance on June 30<sup>th</sup>, 2025, is \$1,543,215. The budgeted amount in FY 2024-25 for the asphalt project was used from LTF fund and the Arco Project \$800,000 was changed to \$434,000 per the new DA agreement with ARCO. The projected ending balance on June 30<sup>th</sup>, 2026, is \$1,296,715.

The ARPA fund has a \$217,500 fund balance as of June 30<sup>th</sup>, 2025, and it will be used for the accounting software, server upgrade, and \$25,000 for recreation programs.

The beginning budgeted balance for SELF was \$426,058, on June 30<sup>th</sup>, 2025, with a \$24,500 increase in revenue and a \$31,000 increase in expenditure compared with the mid-year budget 2024-25

The new fund (220) was created to keep track of Prop 64 related revenue and expenditure. This fund covers the cost of the Code Enforcement Officer. The \$80,000 is budgeted for the police officers' expenses related to Prop 64 programs. The fund has a negative balance because the city receives reimbursement for the expenditure after it has incurred.

The Gas tax fund has projected an increase of \$21,614 compared to the Mid-Year budget from the adopted budget to the Mid-Year budget. The city plans to pay \$250,000 towards the asphalt project in FY 2025-26.

LTF fund is a reimbursable account. The County allocates the money from LTF fund and RSTP on an annual basis. The city requests the expenditure report to utilize those funds. There is a plan to pay \$250,000 towards the asphalt project for FY 2025-26.

The Park/ Pool & Tree has a budgeted beginning balance of \$9,429. There was no significant change in revenue and expenses in this fund compared to the Mid-Year budget.

CDBG home rehab and CDBG Home Buyer budgets don't have any significant changes compared to the Mid-Year budget 2024-25.

The state park budget does not have any changes from the Mid-year budget to the proposed budget for FY 2025-26. The LOSSP grant of \$642,950 added to the revenue and \$124,596 to the expenditure. The city has paid the bill and is waiting for the reimbursement; therefore, the full amount is budgeted under revenue and has no expenditure.

There is no change in the Boat ramp revenue, but the expenditure increased by 35,000 due to the contract with NV5 approved by the council on January 21<sup>st</sup>, 2025, in the Mid-Year budget. The budgeted amount of \$15,000 for NV5 payment is added to the expenditure.

The impact fee budgeted balances as of June 30<sup>th</sup>, 2025, is Street \$ 556,574, Law Enforcement \$ 160,797, Fire \$351,125, Drainage Development \$120,008, Park &Rec \$152,520, City Hall \$108,609, and Community Center \$58,234. These funds are used and allocated to various projects upon council approval.

Additionally, the FY 2025-26 budget includes financial provisions for the City Manager's exit plan, in line with the succession planning process. These provisions ensure that the transition will be professionally managed, minimizing disruption to city operations and maintaining continuity in leadership.

#### **BUDGET IMPACT:**

None

**STAFF RECOMMENDATION:**

Adopt Resolution 25-

**ATTACHMENT:**

- Proposed Budget 2025-26