



# Folsom City Council Staff Report



<b>MEETING DATE:</b>	9/23/2025
<b>AGENDA SECTION:</b>	New Business
<b>SUBJECT:</b>	Resolution No. 11463 – A Resolution Approving General Fund Cost Saving Measures for Fiscal Year 2025-26 and Beyond
<b>FROM:</b>	City Manager's Office

**RECOMMENDATION / CITY COUNCIL ACTION**

Staff recommends that the City Council adopt Resolution No. 11463 – A Resolution Approving General Fund Cost Saving Measures for Fiscal Year 2025-26 and Beyond.

**BACKGROUND / ISSUE**

On Tuesday, May 27, 2025, the Folsom City Council held a budget workshop at the Folsom Public Library. The meeting was well attended with members of the public present. Staff presented the initial draft of the FY 2025/2026 budget in a new format providing a comprehensive line-item format that offers more transparency and detail. The City Council and members of the public had the opportunity to provide input and ask questions about the proposed budget and the new budget cycle/process.

On Tuesday, June 10, 2025, the City Council held a public hearing on the FY 2025/2026 budget. Staff presented information to the City Council that included historical revenue and expenditure trends. The proposed FY 2025-2026 General Fund budget presented that evening anticipated revenues of \$114,442,459 and Transfers In of \$5,546,145 for a grand total in revenues of \$119,988,604. The projected expenditures totaled \$121,877,171 with Transfers Out of \$1,601,982 for a grand total for expenses of \$123,479,153. The budget intended to use \$3,490,549 of unassigned General Fund Balance to maintain current services.

On Tuesday, June 24, 2025 the City Council reviewed additional budget modifications that lowered the General Fund deficit from \$3,490,549 to approximately \$3,000,000. In adopting

the FY 2025/26 budget, the City Council recognized that staff would continue pursuing cost-saving opportunities to bring forward to both the Council and the public in the September/October 2025 timeline (See June 24, 2025 Staff Report as Attachment 2).

### **Fiscal Responsibility:**

Managing the City's finances is much like managing a household budget. When a household experiences a decline in income—whether due to a job change, unexpected expenses, or economic conditions—it must make difficult but necessary decisions to reduce spending. Continuing to spend more than it earns is unsustainable and ultimately leads to long-term financial instability.

In the same way, a city cannot rely on one-time reserves or deferred costs to cover recurring expenses. When revenues flatten or decline, but operational costs continue to rise, the City must take deliberate action to align spending with available resources. Just as a household must prioritize essential expenses, delay discretionary purchases, and adjust its lifestyle to avoid debt, the City must make strategic choices to ensure it lives within its means. This approach is essential to preserving core services, maintaining fiscal health, and ensuring long-term sustainability. This approach is also a mandate from the community with the failure of the proposed Measure G sales tax measure in November 2024.

Additionally, these proposed cost saving measures align with the Government Finance Officers Association's nationally recognized best practices by providing a structurally balanced plan, linking financial decisions to strategic priorities, and ensuring transparency and accountability to the community.

### **City Departments Cost Reductions:**

As part of the proposed budget process staff recommended that additional budget reviews take place in September/October 2025 and February/March 2026 so that budget reductions for FY 2025/2026 could be considered. This report and proposed cost reductions are the first of a two-phase approach to cost savings and corresponding service reductions as follows:

- Phase One Cost Savings (September 23, 2025). This report represents the first phase of proposed cost savings by the City's two largest departments (Police and Fire) which comprise 50% of the City's budget. Phase One also includes consideration of the significant subsidy for the City's Zoo Sanctuary, proposed changes to Information Technology Services, Legal Services, and Library Services.
- Phase Two Cost Savings (October 14, 2025). The second phase of cost saving considerations involves the reorganization of City Services in Community Development, Parks and Recreation, Public Works, and Environmental Water Resources (Utilities). The subsequent City Council staff report for October 14, 2025 meeting will highlight organizational changes for each of the four departments,

including both staffing levels and special revenue funds to maximize cost savings to the General Fund.

**Is the City Moving Too Quickly to Close the Budget Gap?**

Some community members and staff have expressed concern that the City may be moving too quickly to balance its budget. However, maintaining an operating budget deficit over multiple years has negative impacts on organizational stability and employee morale.

As a service provider, the City relies on its employees to deliver essential programs and services to the community

In the past year, the City has lost several highly skilled employees to other jurisdictions with more stable financial conditions, and continued fiscal instability increases the risk of additional workforce loss

In addition, many aspects of the City’s quality of life infrastructure are aging and in need of repair or rehabilitation. Examples include trails, parks, playgrounds, sports fields, tennis and basketball courts, buildings (City Hall, Community Center, Police Station, Fire Stations, etc.). To maintain Folsom a desirable place to live, it is essential to begin setting aside resources for long-term infrastructure needs.

**ANALYSIS**

The Phase One General Fund cost savings proposed for City Council consideration and action are listed in the table below include staff reductions through elimination of vacant positions and strategic reduction of positions in the Fire Department, Police Department, Finance/IT Department, City Attorney’s office, and Library. There are a total of 20 eliminated positions (mostly vacant positions) across these departments for a total FY2025-26 savings of \$3,093,130 and FY2026-27 ongoing full-year savings of \$3,772,392 (Attachment 1 Resolution 11463 Exhibit A).

Additional General Fund cost savings will be proposed at the October 14, 2025 City Council meeting in conjunction with the service reorganization, priorities, and use of special revenue funds for Community Development, Parks and Recreation, Public Works, and Environmental Water Resources/Utilities Departments.

**Proposed Budget Reductions/General Fund Cost Savings Measures (Phase One):**

Division	Position	FTE/Ending FTE Count	FY Budgeted Salaries	Impact on General Fund	
				FY26	FY 27 Full Impact
Finance/IT					
	GIS Specialist M60*	(1.00)	\$194,110	(\$97,055)	(\$194,110)
	GIS Technician M48*	(1.00)	\$135,872	(\$67,936)	(\$135,872)
	IT Manager T98*	(1.00)	\$297,402	(\$148,701)	(\$297,402)
	Process Improvement Specialist M56*	(1.00)	\$185,059	(\$92,530)	(\$185,059)
<b>Total</b>		<b>FY 26 Approved FTE = 25</b>	<b>21.00</b>	<b>\$812,443</b>	<b>(\$406,222)</b>
City Attorney's Office					
	Legal Secretary*	(1.00)	\$158,578.00	(\$79,289.00)	(\$158,578.00)
<b>Total</b>		<b>FY 26 Approved FTE = 4</b>	<b>3</b>	<b>\$158,578.00</b>	<b>(\$79,289.00)</b>
Library					
	Circular Coordinator M43 (DELETE)**	(1.00)	\$132,466	(\$132,466)	(\$132,466)
	Library Tech M41 (add)	1.00	\$105,571	\$105,571	\$105,571
	Library Assistant M31 (Leave Vacant)	(1.00)	\$95,261	(\$95,261)	(\$95,261)
<b>Total</b>		<b>FY 26 Approved FTE = 12</b>	<b>11</b>	<b>(\$122,156)</b>	<b>(\$122,156)</b>
Fire					
	Admin Technician M48**	(1.00)	\$126,441	(\$126,441)	(\$126,441)
	Senior Equipment Mechanic M52**	(1.00)	\$141,934	(\$141,934)	(\$141,934)
	Firefighter II 42F (5 vacant positions)	(5.00)	\$1,027,681	(\$1,027,681)	(\$1,027,681)
<b>Total</b>		<b>FY 26 Approved FTE = 91</b>	<b>84</b>	<b>\$1,296,056</b>	<b>(\$1,296,056)</b>
Police Department					
	Police LT 89A*	(1.00)	\$387,503	(\$193,752)	(\$387,503)
	Police Officer 44P**	(4.00)	\$769,184	(\$769,184)	(\$769,184)
	Police Comm Service Officer 34P**	(2.00)	\$226,472	(\$226,472)	(\$226,472)
<b>Total</b>		<b>FY 26 Approved FTE =116.5</b>	<b>109.5</b>	<b>\$1,383,159</b>	<b>(\$1,189,408)</b>
<b>FTE Adjustment Total = (20)</b>					
<b>Total</b>		<b>FY 26 Approved General Fund FTE = 248.5</b>	<b>228.50</b>	<b>(\$3,093,130)</b>	<b>(\$3,772,392)</b>
<p>* Filled position calculated at 6 months for FY 26  ** Vacant position calculated for full year  Note: FY 26 Approved FTE = 513.5/FY 26 Adjusted FTE = 493.5</p>					

This section includes additional information regarding cost savings from the Fire Department, plan for Information Technology Services, and presents information about the annual cost/General Fund subsidy for the Zoo Sanctuary, along with consideration of potential alternative solutions moving forward.

**Fire Apparatus Reassignment Plan:**

To address rising overtime expenditures while maintaining essential fire suppression and EMS coverage throughout the City of Folsom, the Fire Department will implement a strategic reassignment of apparatus. This realignment allows the Department to eliminate one engine company while ensuring all six fire stations remain open and operational. The plan prioritizes suppression coverage in Folsom’s highest-risk areas, maintains ALS transport citywide, and aligns with current fiscal constraints.

City Fire Department Staffing Plan:

- Station 34: *Truck 34 (4 personnel)*
- Station 35: *Engine 35 (3 personnel)*  
Battalion Chief
- Station 36: *Engine 36 (3 personnel)*  
*Medic 36 (2 personnel)*
- Station 37: *Engine 37 (3 personnel)*  
*Medic 37 (2 personnel)*
- Station 38: *Medic 38 (2 personnel)*
- Station 39: *Engine 39 (3 personnel)*

This realignment reduces constant staffing requirements by eliminating one engine company, resulting in decreased overtime costs. At the same time, all six fire stations will remain open, maintaining a citywide presence and response capability.

The placement of Engine 38 at Station 35 preserves suppression capability in the city’s highest fire risk area, which includes the Historic District and Central Business District. Station 34, located south of Highway 50, is the lowest fire risk zone in the city, with 100% of residential and commercial properties protected by automatic fire sprinklers. Relocating Truck 35 and AR35 to Station 34 ensures that specialty support is maintained in a zone with lower suppression demand.

The eventual reassignment of Medic 35 to Station 38 ensures ALS transport capability across the city, balancing EMS response needs despite a reduction in engine staffing. Placement of

Medic 36 back in service will restore additional ALS transport capacity once staffing is available following the FTO process.

Overall, this plan reduces constant staffing requirements by eliminating one engine company, which directly decreases overtime costs, while keeping all six fire stations open and preserving a citywide response capability and presence.

Response times may be impacted during periods of high call volume or simultaneous incidents within the same district. The Department will monitor these effects closely and make adjustments if significant service impacts are identified. In addition, updates to the Computer-Aided Dispatch (CAD) system at the Sacramento Regional Fire/EMS Communications Center (SRFECC) will be required to reflect the new apparatus assignments. The Fire Department will coordinate with SRFECC staff to ensure accurate implementation and minimize disruptions.

This apparatus reassignment plan represents a balanced strategy to reduce overtime costs while sustaining core emergency services. By prioritizing high-risk areas, maintaining ALS transport, and optimizing resources, the Department will continue to provide effective service delivery under current fiscal constraints.

#### **Information Technology Service Plan:**

With the elimination of the IT Manager and the Process Improvement Specialist positions the City will need to utilize other resources to provide some IT services to the various City departments. The City intends to utilize contract IT services to fill any service gaps created by those lost positions. The annual salary and benefit costs for those two positions was \$482,461. Staff intends to present a comprehensive IT management contract to the City Council at a later date that produces costs savings.

#### **Folsom City Zoo Sanctuary:**

The Folsom City Zoo Sanctuary was established in 1963 to provide a safe haven for a bear cub named Smokey, who was orphaned and burned in a forest fire. At that time, the University of California at Davis contacted Folsom Park Superintendent Gordon Brong, seeking a safe home for Smokey. Gordon had already been keeping several deer and a coyote in an area around the park's office, and visitors would often come to see the animals.

Gordon persuaded the City to provide space, and local service clubs built an enclosure that would allow Smokey to join the other animals. From that time forward, the Folsom Zoo has been a safe haven for many rescued animals.

In 2002, the zoo name was changed to Folsom City Zoo Sanctuary and a mission statement was developed. The new name best described the goal of providing care for animals that are not able to be released back into the wild.

The Folsom City Zoo Sanctuary is beloved by many community members and visitors. Local non-profits have donated thousands of hours and hundreds of thousands of dollars over the years to make the Sanctuary what it is today.

Although the Sanctuary is very popular with over 100,000 visitors annually the operations of the Sanctuary are heavily subsidized by the City's General Fund. The current budget projects that the City will spend \$2,541,399 to operate the Sanctuary in FY 2025/2026. With projected revenues of \$736,500, the Sanctuary will require a General Fund subsidy of \$1,804,899 to support its operations.

Due to the significant budgetary challenges facing the City of Folsom, justifying the significant General Fund subsidy is becoming more and more difficult. The City should actively explore ways to hand the facility to the Friends of the Folsom Zoo Sanctuary or another interested non-profit. In 1997 the City of Sacramento was in a similar situation and operational control of the zoo was transferred to the Sacramento Zoological Society. The City of Sacramento still owns the land, but the Society is responsible for the daily operations, animal care and welfare, education and outreach, fundraising, and facility improvements.

Staff recommends identifying a partner to take over operational control of the Folsom City Zoo Sanctuary.

### **Service Reorganization for Phase Two Budget Reductions:**

In addition to reviewing the budget circumstances of the City, staff has identified ways it can operate more efficiently. The department directors of the Community Development Department, Parks and Recreation Department, Public Works Department and Environmental & Water Resources Department have worked together to develop a comprehensive reorganization plan to improve how the City delivers a variety of its services.

More details for this plan will be shared at the October 14, 2025 City Council meeting. A general service matrix (existing and proposed) for each of the affected departments can be found in Attachment 3.

### **CONCLUSION:**

The City is facing a \$3.0 million operational deficit for FY 2025/2026. The proposed cost saving recommendations in Phase One total \$3.1 million. Additional cost saving recommendations for Phase Two will be presented on October 14, 2025. Although this may appear to fill the current budget gap the City is still facing challenging budget circumstances. The City's quality of life infrastructure like trails, parks, playgrounds, sports fields, tennis courts, and buildings need tens of millions of dollars to fund necessary capital improvements. Also, labor costs and other inflationary pressures continue to increase the cost of providing the most basic City services.

**ATTACHMENTS**

1. Resolution –11463 - A Resolution Approving General Fund Cost Saving Measures for Fiscal Year 2025-26 and Beyond  
    Exhibit A: General Fund Cost Saving Measures for Fiscal Year 2025-26  
    Exhibit B: Fire Apparatus Reassignment Plan
2. June 24, 2025 Budget Staff Report Packet
3. Existing and Proposed Department Service Matrix for Community Development, Public Works, Park and Recreation, and Environmental & Water Resources/Utilities Departments

Submitted,

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Bryan Whitemyer, City Manager