



City Council Meeting Staff Report

Meeting Date: May 27, 2025

Subject: Presentation of Proposed Budget for Fiscal Year 2025-26

Prepared By: Susan Mahoney, Finance Director

Recommendation: Staff recommends that the Wheatland City Council review and provide input on the Proposed Fiscal Year (FY) 2025-26 Budget and direct staff to bring back a final budget for adoption at the June 10, 2025, City Council meeting.

Discussion: The City Council adopts an annual budget for City government operations no later than June 30th for the upcoming fiscal year that begins on July 1st. The attached FY 2025-26 Proposed Budget has been prepared with input from all City Departments. At the May 27, 2025, City Council meeting, staff will provide an overview of the FY 2025-2026 Proposed Budget and solicit input from Council. Based upon that discussion, staff will prepare a Final Budget document for Council consideration on June 10, 2025. At the June 10th meeting, staff will also review the draft Five-Year Capital Improvement Program.

GENERAL FUND

The Proposed FY 2025-26 General Fund budget is balanced. Key points include:

Revenues

- \$3,092,282 General Fund revenues. This amount is \$70,000 less than projected FY 2024-25 revenue due to an anticipated reduction in building activity.
- \$220,000 transfer from the SLES (Supplemental Law Enforcement Service) to the General Fund to offset police costs.

Expenses

- \$3,126,052 General Fund expenses.
- \$80,000 transfer to the Gas Tax Fund for ongoing road maintenance.
- \$50,000 transfer to the Lighting and Landscape Funds for the City's required "general benefit" contribution.
- No transfers to the City's Facilities Maintenance or Vehicle Replacement Funds.

Other

- Service levels and the number of employees remains the same as the previous year. Hiring for one of the vacant police positions is contingent upon receipt of a COPS grant.
- \$56,230 net increase to Fund Balance.
- \$2,904,660 ending Fund Balance. All Council approved reserves are fully funded.

Reserve for Uncertainties/Working Capital	\$1,250,421
Reserve for Contingent Sales Tax	401,858
Reserve for Insurance Self Insured Retention	30,000
Unreserved	1,222,381
TOTAL FUND BALANCE	\$2,904,660

General Fund Revenue

General Fund revenue primarily comes from two sources, property tax and sales tax. Property tax is projected to increase 5% in FY 2025-26 over FY 2024-25 projections. Sales tax is projected to increase 3% over last fiscal year. Excise tax, a 1% tax on new construction, is estimated to be only \$20,000 as new building activity is not expected. The General Fund portion of the Bishop's Pumpkin Farm admissions fee is projected to increase 5%. Interest earnings are projected to be slightly lower than the previous year due to current market conditions. All other revenues are projected to remain flat.

General Fund Expenses

The majority of General Fund operating expenses are projected to increase 4% with the following exceptions:

- A 12% increase in liability and property insurance costs.
- A 10% increase in telephone costs.
- A 2.5% increase (based on the consumer price index) for fire services per the current contract with the Wheatland Fire Authority.

Additional General Fund expenses for FY 2025-26 include:

- \$5,000 for a Strategic Plan Facilitator
- \$1,200 for electronic signature software

General Fund Summary

Summary tables for General Fund revenues, expenditures and fund balance information are attached.

FACILITIES MAINTENANCE FUND

Staff is proposing two facility improvements to be paid for from the Facilities Maintenance Fund. The first item is a new air conditioning unit for the police building to replace a 15-year-old unit that is no longer serviceable. The projected cost is \$10,000. The second item is a citywide phone system to replace the existing system that is antiquated and no longer supported by vendors. The projected cost is \$10,452. This is a one-time initial cost. Monthly phone costs are included in the General Fund operating expenses. The current balance in this fund is \$302,000.

VEHICLE REPLACEMENT FUND

Staff is proposing a new police vehicle totaling \$82,000 be paid for from the Vehicle Replacement Fund. This vehicle will replace the 2016 Ford Explorer that was put into service in August 2016. The current balance in this fund is \$172,585.

ENTERPRISE FUNDS

The City has two enterprise funds – Water and Wastewater (Sewer). Water and Sewer revenues are based on the rates adopted by the Council at its January 9, 2024, meeting. A 2.75% increase for water and a 3.00% increase for sewer, both effective March 1, 2026, are included in the budget projections.

Operating expenses for both funds are projected to increase 4% except for insurance (12%) and telephone (10%).

Water Fund

Additional expenses for the proposed Water Fund budget include:

- *Replace chlorine analyzers at six groundwater well stations.* The current analyzers use outdated technology. The new analyzers will require less maintenance, will lower operational costs, and will be more reliable. The projected cost is \$60,000.
- *Perform a fire flow pressure test for the hydrant located at Wheatland High School.* The test will evaluate the Well #3 fire pump's ability to provide a high flow rate and pressure for fire suppression. The projected cost is \$5,000.
- *Test six well stations to evaluate well and pump performance.* Testing on a regular basis allows for tracking declines in performance and establishing schedules for maintenance, rehabilitation, and upgrades. The projected cost is \$20,000.
- *The Comprehensive Drinking Water project* is almost complete. Previous upgrades included replacing all residential meters and installing automated billing systems. Remaining work includes replacing two commercial meters, modifying the pressure system, and upgrades to telemetry and SCADA systems. The \$430,000 projected FY 2025-26 expenses will be funded with grants from the Yuba Water Agency and the Department of Water Resources Integrated Regional Water Management Implementation grant program.

The net position of the Water Fund is projected to increase \$51,838, resulting in an unrestricted net position of \$1,919,823. The net position amount is the value of the fund's assets (cash, receivables, and infrastructure net of depreciation) less the fund's liabilities (payables and bond debt). The ending net position amount is adjusted for the non-cash depreciation amount.

Sewer Fund

Additional expenses for the proposed Sewer Fund budget include:

- *Replace the Bar Screen at the Malone Lift Pump Station.* The existing bar screen is past its service life and is no longer able to remove large, unwanted items that flow into the treatment plant and cause increased maintenance and clogging on other treatment components. The projected cost is \$50,000.
- *Replace the treatment plant corkscrew grinder, conveyance, and press.* This critical machine grinds various types of debris and removes it from the flow stream. Staff will make every effort to repair the existing machine. If repair is not possible, the projected cost to replace the existing grinder is \$150,000.
- *Install two aerators for the oxidation ditch.* Aerators are used to induce oxygen and maintain biological activity to break down and consume sewage. The existing aerators are past their expected service life and one aerator has failed. The projected cost is \$100,000.
- *The Regional Sewer Pipeline project* is on-going. A loan from the Yuba Water Agency will pay for the projected FY 2025-26 expenses. Project activities include preliminary design, environmental review, permitting, utility relocations, right-of-way purchases, and final design activities. The construction phase of the project will be brought forth as a separate project at a later date.

The net position of the Sewer Fund is projected to decrease \$231,904, resulting in an unrestricted net position of \$543,447. The ending net position amount is adjusted for the non-cash depreciation amount.

WATER FUND	Actual FY 2023-24	Projected FY 2024-25	Proposed FY 2025-26
Revenue	\$1,425,586	\$1,445,000	\$1,460,000
Operating Expenses	(954,120)	(1,096,931)	(1,170,512)
Capital Expenses	(0)	(0)	(85,000)
Debt Service	(76,800)	(150,650)	(152,650)
Change to Net Position	394,666	197,419	51,838
Ending Net Position	\$2,000,566	\$1,787,473	\$1,919,823

SEWER FUND	Actual FY 2023-24	Projected FY 2024-25	Proposed FY 2025-26
Revenue	\$1,199,494	\$1,330,000	\$1,361,250
Operating Expenses	(915,051)	(1,018,083)	(1,104,491)
Capital Expenses	(0)	(55,200)	(300,000)
Debt Service	(108,113)	(186,863)	(188,663)
Change to Net Position	176,331	69,854	(231,904)
Ending Net Position	\$1,275,497	\$1,060,351	\$543,447

SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues that are legally or contractually restricted as to how they can be spent. All Special Revenue Funds are balanced. Proposed projects include:

- *Pavement Maintenance Project.*

Slurry seal and new pavement markings will be applied to select City streets and the Community Center Parking lot. Parallel pavement markings on C Street adjacent to the Community Center will be removed and repainted to provide wider center parking spaces. The estimated cost is \$495,000.

Funding Source	Amount
Road Maintenance (SB1) Funds	\$350,000
Transportation Development Act (TDA) Funds	60,000
CIRA Insurance Flexible Funds	25,000
Existing Fund Balance	60,000
TOTAL	\$495,000

- *Wheatland Complete Streets Project.*

This project includes a new sidewalk, pavement rehabilitation, striping, safety lighting, and utility relocation to enhance the safety and accessibility of Wheatland Road for pedestrians and cyclists. The project focuses on two key sections of Wheatland Road: from Olive Street to D Street, and from Oakley Lane to Wheatland Park Drive. The estimated cost is \$262,500.

Funding Source	Amount
CalTrans Grant	\$232,500
Road Maintenance (SB1) Funds	30,000
TOTAL	\$262,500

ALL FUNDS SUMMARY

A summary of revenues, expenditures, and projected fund balances as of the end of the 2025-26 fiscal year for all City funds is attached.

CAPITAL IMPROVEMENT PROGRAM

Staff has developed a Capital Improvement Program which identifies anticipated capital funding needs for the next five-year period. The proposed five-year Capital Improvement Program list will be discussed at the June 10, 2025, City Council meeting. Capital items proposed for FY 2025-26 are included in the proposed budget.

Fiscal Impact

The proposed budget establishes appropriations for all operating funds of the City as shown in the budget document.

Attachments

1. General Fund Revenues
2. General Fund Summary
3. All Funds Summary

**CITY OF WHEATLAND
FISCAL YEAR 2025-2026**

General Fund Revenues

	Actual 2023/2024	Adopted Budget 2024/2025	Projected 2024/2025	Proposed Budget 2025/2026
<u>TAX REVENUE</u>				
Property Taxes	582,408	614,943	614,943	645,690
Property Taxes in Lieu of MVL	351,945	362,503	378,000	389,340
Sales Tax	351,205	381,100	381,100	392,533
Transactions Tax	627,272	730,168	570,000	600,000
Franchise Fees	153,190	154,500	153,190	157,786
Business License Tax	18,148	13,200	14,800	14,800
Real Property Transfer Tax	28,259	13,000	25,000	13,000
Excise Tax	258,307	100,000	141,000	20,000
Total Tax Revenue	2,370,734	2,369,414	2,278,033	2,233,149
<u>FEES, CHARGES, AND REIMBURSEMENTS</u>				
Building Permits	26,025	12,300	12,300	12,300
Encroachment Permits	41,000	32,000	32,000	32,000
FOG Permits	4,402	3,600	3,600	3,600
Planning Fees	990	500	3,900	500
Admissions Fee - General Use	90,419	94,940	109,375	114,844
Fines	6,821	5,000	10,000	8,000
Police Miscellaneous Fees	1,041	2,000	3,000	2,000
POST Training Reimbursement	106	2,700	-	-
Proposition 172	21,245	20,000	20,000	20,000
Vehicle Abatement	3,234	1,800	3,234	3,000
Motor Vehicle in Lieu	-	7,000	6,100	7,000
Grant Revenue	39,927	39,000	15,000	41,700
Police Reimbursement	5,150	-	-	-
Rents from City Property	49,661	53,100	55,000	55,000
Community Center & Parks Rent	22,170	19,000	21,000	21,000
Tow / Impound	6,725	4,500	4,500	4,500
Miscellaneous Income	65,631	5,000	74,700	17,000
Total Fees, Charges, Reimbursements	384,547	302,440	373,709	342,444
<u>INTEREST</u>	81,507	95,000	95,000	90,000
<u>OTHER REVENUE</u>				
General Fund - Cost allocation	326,589	357,926	357,926	376,689
Recovery of Labor & Benefits	108,928	103,000	55,000	50,000
Total Other Revenue	435,517	460,926	412,926	426,689
TOTAL GENERAL FUND REVENUES	3,272,305	3,227,780	3,159,668	3,092,282

**CITY OF WHEATLAND
FISCAL YEAR 2025-2026**

General Fund Summary

	Actual 2023/2024	Adopted Budget 2024/2025	Projected 2024/2025	Proposed Budget 2025/2026
REVENUES				
Taxes	2,370,734	2,369,414	2,278,033	2,233,149
Fees, Charges, and Reimbursements	384,547	302,440	373,709	342,444
Interest Earnings	81,507	95,000	95,000	90,000
Other Revenue	435,517	460,926	412,926	426,689
Total Revenue	3,272,305	3,227,780	3,159,668	3,092,282
EXPENSES				
BY DEPARTMENT				
City Council	11,214	39,642	29,470	35,862
Administration	454,174	467,188	533,721	484,978
Finance	120,662	164,492	141,500	141,717
Community Development	230,181	279,912	233,700	258,867
Building Inspection	-	-	-	-
Police	1,644,596	1,669,856	1,579,568	1,699,378
Fire	290,804	307,804	307,804	315,499
Public Works	60,699	94,012	106,225	82,421
Parks	107,791	152,261	160,079	107,329
Total Expenses by Department	2,920,120	3,175,167	3,092,067	3,126,052
Net Income before Capital Items	352,185	52,613	67,601	(33,770)
Capital Items	-	-	-	-
TRANSFERS IN/(OUT)				
Transfer In - SLES	170,000	205,392	205,392	220,000
Transfer Out - Street Maintenance	(65,431)	(75,290)	(75,290)	(80,000)
Transfer Out - Other	(578)	-	-	-
Transfer Out - Wheatland LLD	(17,844)	(10,233)	(10,233)	(20,000)
Transfer Out - Park Place LLD	(13,385)	(28,203)	(28,203)	(30,000)
Transfer Out - Facilities Maintenance	-	(50,000)	(50,000)	-
Transfer Out - Vehicle Replacement	-	(50,000)	(50,000)	-
Net Transfers	72,762	(8,334)	(8,334)	90,000
Total Increase (Decrease) to Fund	424,947	44,279	59,267	56,230
FUND BALANCE				
Beginning Fund Balance	2,364,217	2,389,168	2,789,164	2,848,431
Ending Fund Balance	2,789,164	2,433,447	2,848,431	2,904,660
Reserved for CIRA SIR	30,000	30,000	30,000	30,000
Reserved for Contingent Sales Tax	401,858	401,858	401,858	401,858
Reserve (40% of expenses)	1,168,048	1,270,067	1,236,827	1,250,421
Unreserved	1,189,258	731,522	1,179,746	1,222,382
Ending Fund Balance	2,789,164	2,433,447	2,848,431	2,904,660

**CITY OF WHEATLAND
FISCAL YEAR 2025-2026**

All Funds Summary

	Estimated	2025-2026 Proposed Budget			Estimated
	July 1, 2025 Fund Balance	Revenues	Expenses	Transfers In/Out	June 30, 2026 Fund Balance
<u>General Fund</u>	2,848,431	3,092,282	3,126,052	90,000	2,904,660
<u>Enterprise Funds</u>					
Water (Net Position)	2,032,985	1,460,000	1,408,162	-	2,084,823
Wastewater (Net Position)	1,060,351	1,361,250	1,593,154	-	828,447
Water Distribution Impact	282,090	10,500	-	-	292,590
Sewer Collection Impact	4,679,127	250,000	70,000	-	4,859,127
Wastewater Treatment Impact	416,748	17,000	-	-	433,748
<u>Internal Service Funds</u>					
Facilities Maintenance	302,000	10,000	20,452	-	291,548
Vehicle & Equipment Replacement	172,585	5,700	82,000	-	96,285
<u>Special Revenue Funds</u>					
Street Maintenance (Gas Tax)	128,245	131,623	258,720	80,000	81,148
SB1 Road Maintenance	346,084	113,140	1,100	(380,000)	78,124
Transportation Development Act	76,438	182,500	51,000	(120,000)	87,938
Community Development Block Grant	139,413	90	-	-	139,503
Economic Development	21,322	28,700	24,000	-	26,022
General Plan Update	37,485	1,500	-	-	38,985
Supplemental Law Enforcement	62,930	232,000	-	(220,000)	74,930
Pumpkin Farm Joint Admission	93,024	79,363	34,497	-	137,890
Wheatland Community Garden	20,794	1,600	500	-	21,894
Pool Operations	1,140,979	46,000	-	-	1,186,979
Heritage Oaks West	3,710	150	-	-	3,860
Wheatland Landscape District	41,350	75,867	83,990	20,000	53,226
Park Place Landscape District	17,952	49,355	74,234	30,000	23,073
Wheatland CFD 2015-1, Caliterra Ranch	205,752	206,000	205,961	-	205,791
Wheatland CFD 2015-2, Heritage Oaks E	(36,325)	-	1,400	-	(37,725)
<u>Special Revenue Impact Funds</u>					
Bear River Impact	22,190	-	400	-	21,790
Regional Bypass Impact	20,627	700	-	-	21,327
Storm Drainage Impact	161,039	9,000	-	-	170,039
Road Circulation Impact	567,557	24,000	-	-	591,557
City Hall Facilities Impact	248,777	9,000	-	-	257,777
Vehicles and Equipment Impact	9,370	350	-	-	9,720
Public Works Facilities Impact	43,438	1,500	-	-	44,938
Law Enforcement Facilities Impact	66,192	2,700	-	-	68,892
Fire Department Facilities Impact	20,682	800	-	-	21,482
Parkland Facilities Impact	438,060	17,000	-	-	455,060
Public Meeting Facilities Impact	(41,370)	0	1,500	-	(42,870)
Caliterra Subdivision Impact	2,764,365	100,000	-	-	2,864,365
<u>Project Funds</u>					
Comprehensive Drinking Water	110,000	430,000	430,000	-	110,000
Regional Sewer Design/Environmental	-	2,500,000	2,500,000	-	-
Little League Lights	-	5,500	5,500	-	-
SYTIA	-	17,100	17,100	-	-
Wheatland Road Complete Streets	26,515	232,500	262,500	30,000	26,515
Pavement Maintenance	79,746	25,000	495,000	410,000	19,746
General Plan Update, 2024	287,907	-	100,000	-	187,907
Stormwater Retention Basin and Pumps	100,000	-	100,000	-	-
Sidewalk ADA Accessibility Program	60,000	-	120,000	60,000	-
STEP Grant	-	39,806	39,806	-	-
Cannabis Grant	1,091	50	1,141	-	-
TOTALS	19,079,655	10,769,625	11,108,168	-	18,741,112