

May 19, 2026
Finance

TITLE: ADOPT A RESOLUTION ACCEPTING THE FISCAL YEAR 2026/27 MID-TERM UPDATE FOR OPERATING AND CAPITAL BUDGET, AND APPROVE A REVISED FIVE-YEAR WATER CAPITAL IMPROVEMENT PROGRAM

SUMMARY

This report presents the Mid-Term Budget Update recommending adjustments to the fiscal year (FY) 2026/27 Operating and Capital Budget, as adopted by the City Council on June 17, 2025. The recommended adjustments span the General Fund, Enterprise Funds, Internal Service Funds, Special Revenue Funds, and Capital Projects Funds, including a revised five-year Water Capital Improvement Program. The recommended adjustments are based on the latest financial projection, including updated tax and fee analyses and revised expenditure needs identified since budget adoption. These adjustments reflect the City's ongoing commitment to proactive fiscal stewardship and the continued delivery of quality services to the community.

At the time of this report's preparation, the U.S. economic outlook is clouded by a high degree of uncertainty, largely driven by the unpredictable duration and scale of the Middle East conflict. Elevated gas prices and persistent inflation are squeezing household budgets, while a softening labor market and rising recession risk are undermining business and consumer confidence. The pace and direction of the U.S. economy will ultimately hinge on how the conflict unfolds — the longer and more severe it proves to be, the greater the risk of broader and more lasting economic damage.

The following key assumptions are reflected in the **General Fund** as part of the FY 2026/27 Mid-Term Budget Update:

- **Revenues.** Economic uncertainty is weighing on the City's two largest revenue sources. Sales tax is projected to fall below the adopted budget levels, and property tax revenues are expected to be lower due to resolved assessment appeals anticipated to be enrolled in the FY 2026/27 tax roll and slower growth in the two preceding years. These decreases are partially offset by higher business license tax, development fees, recreation fees, and other revenues; however, the net effect is an overall reduction in General Fund revenues.
- **Expenditures.** Overall expenditures are projected to be higher than the adopted budget, driven by increased costs across categories such as vehicle and building maintenance, professional services, and an additional contribution to the Fire Apparatus Fund for the replacement of an aging fire engine. These increases are partially offset by lower general liability insurance premiums and claims costs, as well as reduced personnel costs attributable to a higher vacancy factor.
- **Overview.** The General Fund structural deficit persists in the out years. To ensure continued service delivery, the budget is balanced with the one-time use of various

reserves, including the Capital Reserve, Strategic Plan Implementation Reserve, Pension Trust Funds, and Retiree Medical Trust Funds. The FY 2026/27 Mid-Term Budget continues to reflect the City Council's priorities of protecting core services, investing in community infrastructure, and advancing economic development initiatives that serve the long-term interests of the City and its residents.

For the Capital Budget, the net adjustments represent a decrease of \$1.89 million in expenditures, mainly due to changes to the Sewer, Water, and Transportation and Streets categories to properly reflect updated cost estimates, funding availability, and project delivery timing.

RECOMMENDATION

Adopt a resolution accepting the Fiscal Year 2026/27 Mid-Term Update for Operating and Capital Budget, and approve a revised five-year Water Capital Improvement Program.

BACKGROUND

The City follows a three-step operating budget process that begins with the approval of a two-year budget (Budget), with adoption of a Mid-Term Budget after the first year of the Budget, and adoption of Mid-Year Budget adjustments at the midpoint of each Budget year. For the Mid-Term Budget process, staff conducts a thorough review of recent years' actual expenditures and revenues, as well as current fiscal year actuals, to project estimated budget needs for the coming fiscal year. Additionally, staff routinely monitors various local and regional economic indicators and works with consultants to review and update estimates for the City's major revenue sources, ensuring that budget estimates reflect the most current and reliable financial information available.

Certain program areas, including vehicle replacement, do not have sufficient funds and could not be adequately addressed in this Mid-Term Budget due to competing priorities. The anticipated costs for these programs are outlined below. Funding sources must be identified in the near term to ensure core City operations are not impacted.

The FY 2026/27 Mid-Term Budget continues to prioritize essential city services, including public safety, water, sewer, waste management, road maintenance, and traffic management, while committing funding to programs that maintain the quality of life for Pleasanton residents, including library, youth, and senior services. The budget also reflects the City Council's commitment to economic vitality and growth, with adjustments allocating funds to advance City Council priority projects identified in the recent City Council workshop, including developing a Fiber Master Plan and updating the Downtown Specific Plan.

DISCUSSION

General Fund Overview

When the FY 2026/27 budget was adopted in June 2025, the balancing of the General Fund included using \$5.20 million in one-time resources, consisting of \$2.00 million from Capital Reserve, \$2.00 million from Pension Trust Funds, and \$1.20 million from Retiree Medical Trust Funds, all of which were directed toward sustaining core services and programs. Based on the updated analysis, staff recommends increasing the draw on Capital Reserve by \$0.50 million to

\$2.50 million and also utilizing \$0.30 million from the Strategic Plan Implementation Reserve, bringing the total one-time funding used to balance the General Fund in the Mid-Term Budget to \$6.00 million. It should be emphasized that using one-time resources to fund ongoing operating needs is only a temporary solution and is not sustainable.

As shown in Table 1 below, recommended adjustments consist of decreasing revenues by \$0.40 million and increasing expenditures by \$0.17 million. It should be noted that the increase to the expenditure budget was initially greater than \$1.40 million but was offset by adjustments resulting from an increase in the staff vacancy factor assumption from 2.0 to 3.0 percent. To close the resulting deficit based on adjustments to revenues and expenditures, staff recommends utilizing an additional \$0.50 million from the Capital Reserve Fund and using \$0.30 million from the Strategic Plan Implementation Reserve. With the recommended adjustments, the fund balance for the Capital Reserve Fund is projected to be at \$2.62 million at the end of FY 2026/27.

Table 1. General Fund Overview

	FY 2025 Actual*	FY 2026 Modified Budget	FY 2027		
			Adopted Budget	Recommended Adjustments	Mid-Term Budget
Revenues	\$173,662,054	\$160,486,762	\$165,761,951	(\$395,349)	\$165,366,602
Net Transfers	(5,833,403)	(6,604,000)	(6,447,000)	50,000	(6,397,000)
Use of Program Reserves	-	349,150	2,000,000	300,000	2,300,000
Expenditures	(166,515,054)	(154,209,262)	(160,843,080)	(172,545)	(161,015,625)
Net Surplus/(Deficit)	\$1,313,597	\$22,650	\$471,871	(\$217,894)	\$253,977

*FY 2025 Actual includes a recognition of \$12.76 million in one-time revenues and expenditures associated with the Costco project

General Fund Overview by Category

General Fund Revenues

As presented in Table 2 below, General Fund revenues are estimated to decrease by approximately \$0.40 million based on revised projections from evaluating more current revenue trends and economic data, as well as year-to-date actual revenues. A decrease to the City's two largest revenues, Property Tax and Sales Tax, is the primary reason for the overall net decrease.

Highlighted major revenue adjustments include:

- A decrease of \$1.87 million in Property Tax based on updated projections from the City's consultant. Persistent high mortgage rates and reduced sales activities due to low inventory levels remain a concern, along with an increasing number of reassessments resulting in reduced assessed valuation. Given the overall housing shortage in the Tri-Valley along with high demand, it is anticipated that the local housing market will not see any major correction. Nevertheless, in the near-term, there are some signs of the local and regional housing market cooling down, as evidenced by a slower or no growth in secured tax numbers based on the latest data reported by the Alameda County Assessor's Office. Property Tax is the City's largest revenue source.
- A decrease of \$0.89 million in Sales Tax due to slowing consumer spending in select spending categories, based on the most recent projection from the City's consultant. Sales Tax is the City's second largest revenue source.
- An increase of \$0.55 million in Business License Tax due to a projected increase in gross receipts. The adopted budget estimate is conservative compared to the final FY 2024/25 actual and the projected total for the current fiscal year, both of which hit \$6.70 million.

- An increase of \$0.62 million in Development Services Fee revenues, based on known development activities for the next fiscal year. This increase is considered one-time revenue.
- An increase of \$0.49 million in Recreation Fee revenues, largely based on increasing demand for facility rentals but also for various community programs and classes.
- An increase of \$0.70 million in Other Revenues, mostly based on reimbursements and interfund overhead charges associated with new positions added to enterprise programs in the adopted budget, which are expected to be filled in FY 2026/27.

Table 2. General Fund Overview by Category

	FY 2025 Actual	FY 2026 Modified Budget	FY 2027		
			Adopted Budget	Recommended Adjustments	Mid-Term Budget
Revenues					
Property Taxes	\$92,605,525	\$96,546,900	\$101,442,100	(\$1,867,100)	\$99,575,000
Sales & Use Taxes	25,286,992	25,803,500	26,700,200	(885,700)	25,814,500
Transient Occupancy Tax	5,337,470	5,471,300	5,580,700	-	5,580,700
Business License Tax	6,706,963	6,500,000	6,150,000	545,000	6,695,000
Other Taxes	5,018,712	4,948,400	5,014,800	-	5,014,800
Development Services Fees	8,104,332	5,486,000	4,898,000	615,000	5,513,000
Recreation Fees	4,954,749	4,907,198	4,730,698	493,178	5,223,876
Other Revenues	25,647,310	10,823,464	11,245,453	704,273	11,949,726
Total Revenues	\$173,662,054	\$160,486,762	\$165,761,951	(\$395,349)	\$165,366,602
Expenditures					
Personnel	(\$109,348,513)	(\$110,907,391)	(\$116,112,780)	\$735,865	(\$115,376,915)
Transportation & Training	(1,711,253)	(1,832,667)	(1,638,367)	(317,000)	(1,955,367)
Repairs & Maintenance	(5,645,428)	(5,562,744)	(5,733,574)	(147,780)	(5,881,354)
Materials, Supplies & Services	(33,747,113)	(34,539,435)	(35,941,334)	(396,630)	(36,337,964)
Capital Outlay	(15,119,647)	(1,002,025)	(1,052,025)	(47,000)	(1,099,025)
Debt Services	(943,101)	(365,000)	(365,000)	-	(365,000)
Total Expenditures	(\$166,515,054)	(\$154,209,262)	(\$160,843,080)	(\$172,545)	(\$161,015,625)
Transfers					
Transfer In	\$1,367,145	\$2,887,000	\$3,494,000	\$500,000	\$3,994,000
Transfer Out	(7,200,548)	(9,491,000)	(9,941,000)	(450,000)	(10,391,000)
Net Transfers	(\$5,833,403)	(\$6,604,000)	(\$6,447,000)	\$50,000	(\$6,397,000)
Use of Reserves/Trust					
COVID Response & Recovery Reserve	-	\$289,150	-	-	-
Strategic Plan Implementation Reserve	-	60,000	-	\$300,000	\$300,000
Section 115 Pension Trust	-	-	\$2,000,000	-	2,000,000
Use of Reserves/Trust	-	\$349,150	\$2,000,000	\$300,000	\$2,300,000
Net Surplus / (Deficit)	\$1,313,597	\$22,650	\$471,871	(\$217,894)	\$253,977

General Fund Expenditures

General Fund expenditures are projected to increase by approximately \$0.17 million. The major adjustments to existing budget items include increases to: the professional services budget based on anticipated development activities; the City's fleet repair and maintenance and utility budget categories, including electricity, water, and recycled water; and funding for Alameda County Animal Services. New budget requests include funding to advance the City Council's priority projects, including the development of the Fiber Master Plan and updates to the Downtown Specific Plan, as well as funding for the implementation of new budget development software. These increases are offset by reductions to the general liability and legal claim budget based on updated insurance premium information, along with a change in the vacancy savings assumption from 2.0 to 3.0 percent.

Personnel Budget

A decrease of approximately \$0.74 million is mainly due to a change in the vacancy savings assumption from 2.0 to 3.0 percent based on analysis of the personnel budget versus actuals in recent years. As shown in Table 3 below, staff recommends adding two 0.5 full-time equivalent (FTE) Senior Accountant positions, reclassifying two Information Technology Coordinator II positions, and a series of minor position budget reallocations within Public Works and Library & Recreation to more accurately reflect the work duties split between the General Fund and non-General Funds. These actions will increase the personnel budget in the General Fund by \$0.28 million; however, 50.0 percent of the costs (\$0.11 million) for the two Senior Accountant positions (\$0.23 million) will be covered by reimbursements from the City of Livermore in FY 2026/27. Starting in FY 2027/28, 100.0 percent of these two positions will be covered through reimbursements as all finance responsibilities related to the Livermore-Pleasanton Fire Department fully transition from Livermore to Pleasanton.

Table 3. General Fund Position Change Summary

Proposed Adjustment	Impacted Department	FTE Impact	General Fund Fiscal Impact
Reallocate Senior Office Assistant	L&R	(0.05)	(\$9,365)
Reallocate Senior Office Assistant	L&R	(0.05)	(8,961)
Reallocate Senior Office Assistant	L&R	(0.05)	(7,970)
Reallocate Director of Library & Recreation	L&R	(0.05)	(23,671)
Reallocate Assistant Director of Public Works-Operations & Maintenance	PW	0.30	106,365
Add Sr Accountants	FIN	1.00	225,199
Reclassify IT Coordinator II to IT Operations Manager	IT	-	65,000
Reclassify IT Coordinator II to IT Coordinator I	IT	-	(62,010)
		1.10	\$284,587

Non-personnel Budget

The non-personnel expenses identified in Table 2 above (all expense categories other than Personnel) are projected to increase by a net total of \$0.91 million as described in more detail below.

- **Transportation and Training** – A net increase of approximately \$0.32 million, mostly due to additional vehicle repair and maintenance costs needed to keep the City’s aging fleet operating; travel and training budget for Police and Public Works for necessary professional development and training; and additional fuel costs due to rising gasoline prices.
- **Repairs and Maintenance** – A net increase of approximately \$0.15 million based on additional funding for facilities repair and maintenance and an adjustment to the General Fund’s contribution to the Vehicle Replacement Internal Service Fund due to reallocation of the City’s paratransit program vehicle replacement budget.
- **Materials and Supplies** – A net increase of approximately \$0.40 million based on a series of adjustments. Major adjustments include professional services funding for land development permit/inspection related costs (\$0.30 million), the Downtown Specific Plan updates (\$0.15

million), and Fiber Master Plan (\$0.15 million); funding for Alameda County election costs (\$0.18 million); funding for new budget software (\$0.18 million, where \$0.10 million is one-time); additional utility costs due to a combination of rate increases and more up-to-date projections based on year-to-date actual usage information (\$0.14 million); and additional funding for Alameda County Animal Services-related costs (\$0.16 million). These, along with a series of small adjustments, are offset with various decreases, with the largest adjustment to the general liability and legal claims budget, a decrease of \$1.26 million.

- **Capital Outlay and Debt Services** – A net increase of \$0.05 million based on reallocation to the Library & Recreation budget to purchase a new library projector and automated material handling equipment. The increase is offset by decreases in other expenditure categories.

General Fund Reserves and Fund Balance

Projected total General Fund reserves at the end of FY 2026/27 are \$56.93 million, with the unrestricted General Fund reserve at \$35.04 million. The City’s current reserve policy requires a minimum reserve between 16.7 and 25.0 percent of annual operating expenses, with a target of 20.0 percent. The unrestricted General Fund reserve of \$35.04 million equals 21.8 percent of the Mid-Term General Fund operating expenses.

Table 4. General Fund Reserves

General Fund Fund Balance	FY 2025 Ending Fund Balance	FY 2026 Approved Adjustments	FY 2026 Projected Ending Fund Balance	FY 2027 Recommended Adjustments	FY 2027 Projected Ending Fund Balance
Unrestricted General Fund Reserve	\$34,113,460	\$371,800	\$34,485,260	\$553,977	\$35,039,237
COVID Response & Recovery	289,150	(289,150)	-	-	-
Strategic Plan Implementation Reserve	379,428	(60,000)	319,428	(300,000)	19,428
Emergency Reserve	500,000	-	500,000	-	500,000
Restricted General Fund Reserve	21,366,377	-	21,366,377	-	21,366,377
Total	\$56,648,415	\$22,650	\$56,671,065	\$253,977	\$56,925,042

Anticipated Funding Needs

It is important to note that the citywide operating budget presented to and adopted by the City Council each fiscal year does not address all of the City’s operating needs. Due to resource and revenue constraints, many of the necessary funding needs are excluded, and this mid-term budget is no exception. Below are several major, near-term one-time funding needs that will need to be addressed and will affect the General Fund. Staff will present suitable funding recommendations for the City Council’s consideration during FY 2026/27.

Fire Vehicle Replacement

As identified in the City’s Asset Management Plan, approximately one-third of the fire vehicles and equipment are in poor condition, and just over ten percent are in fair condition. The City’s fire engines and trucks are due for replacement. The typical service life of fire apparatus is generally 10 to 12 years, with a 10-year replacement cycle commonly used for planning purposes. However, actual replacement timelines are often extended due to operational needs, funding availability, and the time it takes to receive ordered vehicles. As fleets age, repair and maintenance costs also increase. In recent years, the City’s annual vehicle repair and maintenance costs have increased significantly, with public safety vehicles accounting for a significant share.

Post-COVID, the cost of fire apparatus has increased substantially, along with delivery wait time, which is now approximately 4 to 5 years. In FY 2024/25 and FY 2023/24, the City placed orders for a fire engine and an air and light truck totaling \$2.60 million, using reserves and bank loans. The FY 2026/27 Mid-Term Budget includes appropriating \$1.60 million in the Fire Apparatus Replacement Fund for the purchase of another fire engine and increasing the General Fund's contribution to this Fund by \$0.50 million. With these adjustments, at the end of FY 2026/27, the Fire Apparatus Replacement Fund is projected to have a fund balance of approximately \$0.9 million. Should an emergency acquisition become necessary due to irreparable damage, the City will need to identify additional funding resources, including \$0.50 million Emergency Reserve maintained in the General Fund. FY 2026/27 replacement for police vehicles is expected to be funded from the Police Vehicle and Equipment Replacement Fund.

The City needs to identify funding to replace two more fire engines and a ladder truck in the near term, totaling approximately \$5.3 million. These apparatuses were placed in service in 2016 and 2018. With a 4- to 5-year wait time, the average life of these vehicles would be at least 14 to 15 years if orders were placed in FY 2026/27. However, due to resource constraints, the Mid-Term Budget could not include even partial funding for these three vehicles.

General Liability Insurance Assessment on Livermore-Pleasanton Fire Department (LPFD)

LPFD was previously a member of the California Joint Powers Risk Management Authority (CJPRMA) for general liability insurance coverage. Due to increased costs, LPFD withdrew from CJPRMA and joined the Bay Cities Joint Powers Insurance Authority (BCJPIA) on July 1, 2025, to achieve savings. Even though LPFD has departed CJPRMA, former members remain responsible for any additional assessments tied to the years they participated in the pool.

To address CJPRMA's negative equity position, current and past members will be charged additional cash assessments, with the estimated LPFD's share totaling \$1.28 million. Final approval of cash assessments by the CJPRMA Board is expected in the first half of FY 2026/27. Pleasanton and Livermore each will be responsible for \$0.64 million of the assessment. CJPRMA is also discussing additional assessments on members to achieve a \$22.50 million net equity target. This means LPFD's share of the assessment may increase.

Once the CJPRMA Board makes its final decision, staff will research and present the necessary budget adjustments. No resources are currently available in the FY 2026/27 Mid-Term Budget to set aside for the City's portion of the assessment.

General Fund Ten-Year Financial Forecast

The General Fund long-term financial forecast projects the future financial outcome and serves as a fiscal management tool to guide policy and decision-making. It helps the City to assess its fiscal sustainability and develop practical strategies to identify resources to maintain essential community services. Staff presented the updated General Fund Ten-Year Financial Forecast to the City Council at the February 17 meeting. For that update, staff used the FY 2026/27 numbers from the adopted biennial budget.

For the latest update, FY 2026/27 numbers are based on the staff-recommended Mid-Term Updates presented in this report. The assumptions used to generate the forecast from FY 2027/28 to FY 2034/35 largely remain the same, with minimal adjustments. These changes include updating out-year numbers for the Property Tax and Sales Tax revenue categories based on the latest

projection data from the City's consultant; lowering the City's general liability insurance costs using more up-to-date information from the BCJPIA and projected claims; and removing one-time revenue and expenditure budget items in the FY 2026/27 Mid-Term budget, such as \$0.50 million development service related inspection and plan check revenues and \$0.30 million expenditures for the Strategic Plan-directed downtown specific plan updates and fiber master plan. Higher property taxes than the projection presented in the mid-year update, together with lower general liability insurance costs, help improve the financial picture, as these numbers are significant and have a compounding impact on the forecast. The proposed salary and benefit updates in the Police Officer Association (POA) labor contract are not included because they have not yet been finalized; however, the forecast includes baseline annual adjustments for the POA group.

The City's expenditures are expected to continue outpacing revenues in future forecast years, due to rising operating costs and revenue limitations. Based on the underlying assumptions, the baseline scenario forecast projects annual deficits ranging from \$7.16 million to \$8.31 million between FY 2027/28 and FY 2030/31. These annual deficit numbers decrease between FY 2031/32 and FY 2034/35, ranging from \$4.44 million to \$5.68 million. This decrease starting in FY 2031/32 is primarily due to an anticipated shift in the City staff's pension profile with a higher percentage of employees belonging to the California Public Employees' Pension Reform Act (PEPRA) plan each year, as well as a gradual decrease in the number of retirees under the classic plan. Please note that the forecast does not address the \$44.00 million annual infrastructure funding gap identified in the Asset Management Plan. The updated baseline General Fund ten-year financial forecast is attached to the staff report.

Enterprise Funds

Water Operations and Maintenance Fund

As shown in Table 5 below, recommended changes to the Water Operations and Maintenance Fund include an increase in revenues of \$7.44 million, an increase in net transfers of \$0.94 million, and an increase in operating expenses of \$4.46 million. The result of these adjustments is an increase in net income by \$2.86 million and an estimated ending fund balance of \$17.75 million, which equals 38.0 percent of the total FY 2026/27 operating budget. The City's reserve policy requires reserves to stay between 30.0 and 40.0 percent, with a target of 35.0 percent. The City Council approved a two-year rate increase at the October 7, 2025 meeting. Adjustments to revenue reflect projected additional revenue from these rate increases, which went into effect on January 1, 2026.

Major expenditure adjustments to the Water operating budget include an increase in Zone 7 water purchase cost (\$2.43 million); an adjustment to the overhead charges from the General Fund based on revised personnel budget allocations (\$0.28 million); an increase in professional services budget (\$1.08 million) to fund various initiatives and studies included in the Water Rate Study and Water System Master Plan, such as cross connection control plan, water loss program, water flow modeling, Supervisory Control and Data Acquisition (SCADA) preventative maintenance program, along with funding for legal fees and finance audits; and vehicle costs (\$0.98 million) to purchase various trucks necessary for operation. A \$0.94 million increase in transfers to the Water Capital Fund is also recommended, from \$0.66 million to \$1.60 million.

The City issued water revenue bonds in June 2024 to fund critical, near-term water infrastructure and capacity improvement projects. Additional debt issuance will be necessary to fund other capital

needs to ensure the Water Utility infrastructure remains reliable and safe. Maintaining a strong financial position, both in terms of operations and reserve levels, will be critical for the City to retain its high bond rating and minimize borrowing costs.

Table 5. Water Operations and Maintenance Fund Overview

Water/Recycled Water (O&M)	FY 2026 Modified Budget	FY 2027		
		Adopted Budget	Recommended Adjustments	Mid-Term Budget
Beginning Balance	\$12,019,392	\$14,896,591		\$14,896,591
Revenues	45,889,903	45,173,285	\$7,438,571	52,611,856
Net Transfers	(1,592,636)	(2,084,136)	(944,913)	(3,029,049)
Expenses				
Zone 7 Purchased Water	(25,383,665)	(25,525,110)	(2,430,710)	(27,955,820)
All other expenses	(16,036,403)	(16,737,463)	(2,031,320)	(18,768,783)
Total Expenses	(41,420,068)	(42,262,573)	(4,462,030)	(46,724,603)
Net Income	2,877,199	826,576	2,031,628	2,858,204
Ending Balance	\$14,896,591	\$15,723,168		\$17,754,796

Sewer Operations and Maintenance Fund

As shown in Table 6 below, recommended changes to the Sewer Operations and Maintenance Fund include increasing revenues and expenses by \$1.14 million and \$0.60 million, respectively, and decreasing net transfers by \$1.00 million. The result of these adjustments is a net income of \$0.07 million, and an estimated ending fund balance of \$7.03 million, which equals 34.3 percent of FY 2026/27 operating budget. The City’s policy requires reserves equal to a minimum of 30.0 percent, a maximum of 40.0 percent and a target of 35.0 percent.

The Sewer Utility’s FY 2026/27 Mid-Term operating budget presented here no longer includes any capital contribution, with the removal of a \$1.00 million transfer from the Sewer Operations and Maintenance Fund to the Sewer Capital Fund. Revenue adjustments reflect the expected rate increase from the Dublin San Ramon Services District (DSRSD) and current revenue trends. Recommended adjustments to the expenditure budget include increasing sewer service costs from DSRSD (\$0.72 million), offset by an overall \$0.12 million reduction to all other expenditures.

It should be noted that this is an interim solution to ensure critical operating needs are met while preserving the reserve level until the rate study, which will determine an appropriate level of additional revenue needed to sustain operations and upkeep the infrastructure, is completed and adopted by the City Council. The initial rate study workshop with the City Council was held on April 21, 2026, and the next meeting is scheduled for June 2026. While staff intends to recommend rate adjustments effective January 1, 2027, with the rate study currently underway, no rate increase-related budget adjustments are included at this time. Once the rate adjustments are adopted by the City Council, staff will present necessary budget amendments at a later date.

Table 6. Sewer Operations and Maintenance Fund Overview

Sewer (O&M)	FY 2026 Modified Budget	FY 2027		
		Adopted Budget	Recommended Adjustments	Mid-Term Budget
Beginning Balance	\$9,551,869	\$6,959,342		\$6,959,342
Revenues	18,647,979	19,237,087	\$1,141,400	20,378,487
Net Transfers	(701,000)	(847,000)	1,000,000	153,000
Expenses				
DSRSD	(12,020,100)	(12,380,703)	(721,206)	(13,101,909)
All other expenses	(8,519,406)	(7,482,731)	122,296	(7,360,435)
Total Expenses	(20,539,506)	(19,863,434)	(598,910)	(20,462,344)
Net Income	(2,592,527)	(1,473,347)	1,542,490	69,143
Ending Balance	\$6,959,342	\$5,485,995		\$7,028,485

Other Enterprise Funds

Below is a summary of the recommended adjustments to the City’s other Enterprise Fund operations.

- (Cemetery Operating Fund) A decrease of revenue by \$0.07 million due to the stoppage of casket plot sales starting in January 2026 and a decrease of expenditure by \$0.05 million based on adjustments to the contract service and personnel budget.
- (Golf Operating Fund) An increase of revenue by \$0.22 million based on the rate increase scheduled to go into effect starting on July 1, 2026, and an increase of \$0.06 million based on personnel budget adjustments.
- (Paratransit Operating Fund) Adjustments include \$0.49 million in revenues and \$0.52 million in expenditures in the Paratransit Fund, along with a removal of the \$0.05 million transfer from the General Fund.
- (Storm Drain Operating Fund) An increase of expenditure by \$0.12 million based on personnel budget adjustments.

Repair and Replacement Funds

As shown in Table 7 below, there is an overall decrease in revenues by \$1.25 million; an increase in expenditures by \$1.38 million; and an increase in net transfer by \$0.50 million across all of the City’s Repair & Replacement Internal Service Funds.

Table 7. Repair and Replacement Fund Changes

Repair & Replacement Fund	FY 2027			Explanation
	Adopted Budget	Recommended Adjustments	Mid-Term Budget	
Expenditure Adjustment				
Facilities Renovation	\$1,190,500	\$540,000	\$1,730,500	Funding needed to replace HVAC units at various city facilities and for a roof replacement at Gingerbread
Fire Apparatus Replacement	277,834	1,600,000	1,877,834	Funding to order a fire engine
General Liability Insurance	7,337,000	(1,337,000)	6,000,000	Reduced budget based on more up-to-date insurance premium and projected legal claim-related costs
Golf Replacement	495,000	(140,000)	355,000	Adjustments based on updated costs for a new patio cover and bunker maintenance equipment
Library/Recreation Equipment Replacement	-	55,000	55,000	Supply and related equipment costs for Library & Recreation's operation
Park & Median Renovation	250,000	100,000	350,000	Funding for tree removal costs in open space based on the completed Urban Forest Master Plan
Police Vehicle Replacement	1,090,000	190,000	1,280,000	Additional funding to purchase and outfit hybrid patrol vehicles
Traffic Signal Replacement	450,000	100,000	550,000	Additional funding needed for fiber optic markings around traffic signals
Vehicle Replacement	831,000	275,000	1,106,000	Additional funding to replace various trucks, including dump and cone trucks, that are past their useful life.
Total	\$11,921,334	\$1,383,000	\$13,304,334	
Revenue Adjustment				
Facilities Renovation	\$608,300	\$17,500	\$625,800	An adjustment to align against the contribution total from the General Fund
General Liability Insurance	7,337,000	(1,337,000)	6,000,000	Reduced budget based on more up-to-date insurance premium and projected legal claim-related costs
Library/Recreation Equipment Replacement	-	70,000	70,000	Projected facility use fee revenue
Total	\$7,945,300	(\$1,249,500)	\$6,695,800	
Net Transfer Adjustment				
Fire Apparatus Replacement	-	\$500,000	\$500,000	An increase of transfer from the General Fund to supplement towards a purchase of fire engine
Total	\$0	\$500,000	\$500,000	

Special Revenue Funds

Recommended changes to special revenue funds include increasing revenue estimates by \$0.47 million and expenditure estimates by \$0.93 million collectively. Changes include:

- An increase of expenditure by \$0.19 million in the Community Access Television Fund to support TV30 facility relocation.
- A decrease of expenditure by \$0.02 million in the Community Development Block Grant Fund based on grants awarded to local organizations, as well as minor personnel cost updates.
- An increase of expenditure by \$0.02 million in the HOME Program Fund based on updated grant award totals.
- A decrease of expenditure by \$0.01 million in the Lower Income Housing Fund based on updated grant award totals.

- A decrease of expenditure by \$0.02 million in the Measure D Fund based on personnel budget reallocation.
- An increase of revenue and expenditure by \$0.35 million in the Miscellaneous Donations Fund based on donations from the Friends of the Library.
- An increase of revenue and expenditure by \$0.12 million in the Miscellaneous Operating Grants Fund based on a series of adjustments, including a removal of the English as a Second Language grant budget (\$0.06 million) and adjustments to several State grants (\$0.18 million) for the Police Department, including a selective traffic enforcement program grant, ballistic vest grant, and cannabis grant.
- An increase of expenditure by \$0.03 million in the Urban Forestry Fund based on additional tree planting and travel & training budget.
- An increase of expenditure across multiple Opioid Settlement Funds (Funds 175, 176, 177, 178, and 179) to add a budget (\$0.22 million) to fund one clinician in the Police Department's Alternative Resource Unit, which provides mental health and homeless outreach programs to the community.
- An increase of expenditure by \$0.06 million in the Pleasanton Garbage Service Rate Reserve Fund for added personnel costs.

For full details, please refer to the FY 2026/27 Mid-Term Budget Adjustment Summary table in the Operating Budget Tables section.

Capital Fund Overview

The FY 2026/27 Mid-Term Capital Budget continues to invest in infrastructure to support community services, with significant funding directed toward water, sewer, transportation, and street projects. The budget also allocates funds to address deferred maintenance and advance critical, time-sensitive capital needs, ensuring that Pleasanton's infrastructure remains reliable, safe, and capable of supporting high-quality service delivery for years to come.

The FY 2026/27 Mid-Term Capital Budget totals approximately \$30.82 million, a decrease of \$1.89 million from the adopted budget of approximately \$32.71 million. All the projects are funded by revenues traditionally earmarked for the City's Capital Improvement Program (CIP). CIP Table 1 below highlights all the proposed Mid-Term adjustments by project category. Additional details are included in the Adjustments by Project Category section below, as shown in CIP Tables 2, 3, and 4. Please note that the adopted budget for these tables only reflects the budget for projects with adjustments.

CIP Table 1: Mid-Term Adjustments by Project Category Overview

Project Category	FY 2027		
	Adopted Budget	Recommended Adjustments	Mid-Term Budget
Sewer	\$1,460,000	\$1,150,000	\$2,610,000
Transportation & Streets	8,012,500	(1,300,000)	6,712,500
Water	14,820,000	(1,740,000)	13,080,000
Facilities	325,000	-	325,000
Miscellaneous	5,541,000	-	5,541,000
Parks	1,069,000	-	1,069,000
Storm Drain	200,000	-	200,000
Capital Project Total	\$31,427,500	(\$1,890,000)	\$29,537,500
Other Expenditures	1,282,782	-	1,282,782
Capital & Other Expenditures Total	\$32,710,282	(\$1,890,000)	\$30,820,282

Adjustments by Project Category

Sewer CIP

Staff recommends an increase of \$1.15 million to the Sewer CIP Mid-Term Budget. This includes a decrease of approximately \$0.83 million to postpone two projects and an increase of approximately \$1.98 million to add three projects to support State-mandated inspections to replace aging infrastructure, to accommodate scope due to revised estimates, and to complete emergency repairs necessary to meet regulatory requirements.

CIP Table 2: FY 2027 Sewer CIP Projects Mid-Term Adjustments

Sewer CIP Projects	FY 2027			Justification
	Adopted Budget	Recommended Adjustments	Mid-Term Budget	
Amberwood Siphon Replacement	\$270,000	(\$270,000)	\$ -	Reduce funding due to funding challenges
Annual Sewer Inspection System Improvements	750,000	(559,000)	191,000	Reduce funding due to funding challenges
Denker Area Emergency Sewer Repairs	-	1,090,000	1,090,000	See attached project sheets for new projects
Force Main Desktop Analysis and Inspections	-	416,000	416,000	See attached project sheets for new projects
Large Diameter Sewer Pipe Inspection Study	-	163,000	163,000	See attached project sheets for new projects
Sewer System Emergency Power Improvements Program	440,000	310,000	750,000	Revised project estimates based on updated project scope
Sewer Total	\$ 1,460,000	\$ 1,150,000	\$ 2,610,000	

Transportation & Streets CIP

Staff recommends a decrease of approximately \$1.30 million to the Transportation & Streets CIP Budget. This decrease of \$1.30 million is based on available resources in the street-related funds.

CIP Table 3: FY 2027 Transportation and Streets CIP Projects Mid-Term Adjustments

Transportation & Streets CIP Projects	FY 2027			Justification
	Adopted Budget	Recommended Adjustments	Mid-Term Budget	
Annual Street Resurfacing & Reconstruction	\$5,150,000	(\$1,300,000)	\$ 3,850,000	Reduce funding due to funding challenges
Transportation & Streets Total	\$5,150,000	(\$1,300,000)	\$ 3,850,000	

Water CIP

Staff recommends a \$1.74 million decrease to the Water CIP Budget. This includes a \$11.38 million decrease to the City Groundwater Supply Project. The updated plan includes restoring the budget for this important project in outer years instead to better align with the revised Water CIP project schedule. An increase of approximately \$9.64 million is programmed to several projects based on revised cost estimates resulting from scope changes and to accelerate spending for the Water Meter Replacement Project, which is experiencing failing infrastructure. These changes will also help to advance critical capital projects to meet regulatory requirements.

CIP Table 4: FY 2027 Water CIP Projects Mid-Term Adjustments

Water CIP Projects	FY 2027			Justification
	Adopted Budget	Recommended Adjustments	Mid-Term Budget	
Annual Water Distribution System Improvements	\$680,000	\$200,000	\$880,000	To accommodate scope based on revised project estimates
City Groundwater Supply	11,380,000	(11,380,000)	-	Project deferral of construction funding in response to alternatives study
Kilkare and Sunol Fire Flow Improvements Program	-	500,000	500,000	To add a feasibility and alternatives analysis and additional planning time to coordinate with external regional agencies and current regulatory compliance water quality projects before progressing with design and construction
Water Meter and AMI System Replacement	2,100,000	6,810,000	8,910,000	Project construction funding is accelerated due to failing existing infrastructure
Water System Emergency Power Improvements Program	610,000	2,130,000	2,740,000	Based on revised cost estimate with updated project scope
Water Total	\$14,770,000	(\$1,740,000)	\$13,030,000	

Five-Year Water Capital Improvement Program (CIP)

The City’s Capital Improvement Program includes significant investments in water projects over the next five years, totaling more than \$77.00 million. Some of these projects are expected to be funded through bond issuance. As such, staff has updated the 5-Year Water CIP, and the projected

expenditures are presented in CIP Table 5 below. CIP Table 6 presents the 5-Year Water CIP resources/revenues by category. The information is intended to provide the City Council and the community with an overview of the planned capital investment for the City’s water program.

CIP Table 5: Five-Year Water CIP Project Expenditures

Project Number	Project Name	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	5 -Year Total
25133	Annual Recycled Water Repair & Replacement	\$50,000	\$ -	\$ -	\$ -	\$ -	\$50,000
FY133	Annual Recycled Water System Improvements	50,000	50,000	50,000	50,000	50,000	250,000
FY183	Annual Water Distribution System Improvements	1,300,000	880,000	725,000	4,366,000	1,396,500	8,667,500
24174	City Groundwater Supply	2,981,247	-	15,740,000	11,750,000	-	30,471,247
21162	Emergency Power Improvements Utility System	266,990	-	-	-	-	266,990
29191	Foothill Pump Station Rehabilitation	-	-	275,000	1,265,000	-	1,540,000
30194	Grey Eagle Pump Station Replacement	-	-	-	-	2,240,000	2,240,000
FY190	Kilkare and Sunol Fire Flow Improvements Program	-	500,000	500,000	1,500,000	4,000,000	6,500,000
22199	Lemoine Bypass Pipeline (DS-5)	136,427	-	-	-	-	136,427
24171	Near-Term Water Improvements	2,241,039	-	-	-	-	2,241,039
23180	Recycled Water System Management Plan	300,000	-	-	-	-	300,000
29163	SCADA Communications Network Improvements	-	-	-	1,180,000	-	1,180,000
24181	Turnout #4 Pre-packaged Booster Station Procurement	1,300,000	-	-	-	-	1,300,000
26137	Water Meter and AMI System Replacement	2,020,000	8,910,000	-	-	-	10,930,000
FY162	Water System Emergency Power Improvements Program	590,000	2,740,000	-	1,600,000	1,600,000	6,530,000
22190	Water System Management Plan	255,711	-	-	-	-	255,711
29192	Water Tank 1300 Rehabilitation	-	-	350,000	2,600,000	-	2,950,000
FY193	Water Tank Inspections and Repairs Program	-	-	-	630,000	650,000	1,280,000
Total Project Expenditures		\$11,491,415	\$13,080,000	\$17,640,000	\$24,941,000	\$9,936,500	\$77,088,915

CIP Table 6: Five-Year Water CIP Resources

Revenue Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	5 -Year Total
City Development Fees	\$7,000	\$ -	\$ -	\$ -	\$ -	\$7,000
Grants & Miscellaneous	246,221	-	-	-	-	246,221
Transfer In from Other Funds	534,894	2,034,894	8,584,894	8,034,894	13,784,894	32,974,470
Interest Earnings	169,200	203,100	169,200	169,200	169,200	879,900
Anticipated Debt Proceeds	10,513,848	15,000,000	10,000,000	10,000,000	-	45,513,848
Total Resources	\$11,471,163	\$17,237,994	\$18,754,094	\$18,204,094	\$13,954,094	\$79,621,439

There were no adjustments in the Facilities, Miscellaneous, Parks, and Storm Drain project categories.

CIP Revenue Adjustments by Source

As part of the Mid-Term Capital Budget update, staff recommends a decrease of \$1.00 million in transfers to the Sewer Capital Fund from the Sewer Operating Fund and an increase of \$1.00 million in transfers to the Water Capital Fund from the Water Operating Fund. These adjustments will ensure adequate reserves remain in the Sewer Operating Fund, and additional resources are available to fund water capital projects.

CIP Table 7: FY 2027 CIP Mid-Term Revenue by Source

CIP Revenue Sources	FY 2027		
	Adopted Budget	Recommended Adjustments	Mid-Term Budget
Sewer CIP Fund 431 - Transfer in from Sewer Operating	\$1,000,000	(\$1,000,000)	\$ -
Water CIP Fund 421 - Transfer in from Water Operating	600,000	1,000,000	1,600,000
Total	\$1,600,000	\$ -	\$1,600,000

EQUITY AND SUSTAINABILITY

Ensuring the City's long-term fiscal sustainability is essential to continuing to provide programs and services to serve all of Pleasanton's diverse communities.

OUTREACH

No outreach was conducted, as this item is a routine matter of City business.

STRATEGIC PLAN ALIGNMENT

Approval of this action advances the ONE Pleasanton strategic goal of *Funding Our Future*, reflecting the City's ongoing commitment to long-term fiscal sustainability.

FISCAL IMPACT

The Operating Budget update includes adjustments to several funds, including the General Fund, Enterprise Funds, Internal Service Funds, Special Revenue Funds, and Capital Projects Funds. Below is the summary of recommended mid-term adjustments to the FY 2026/27 Operating and Capital Budget:

- The FY 2026/27 General Fund revenue budget will decrease by \$0.40 million; the General Fund expenditure budget will increase by \$0.17 million.
- All Other Operating Fund budgets for FY 2026/27 will increase revenues by \$8.45 million and increase expenditures by \$8.03 million.
- There is no change for the FY 2027 Capital revenue budget; the Capital project expenditure budget will decrease by \$1.89 million.

For details, please refer to the attached FY 2026/27 Mid-Term Update Operating and Capital Budget report (Attachment 2).

Prepared by:



Chris Yi, Financial Services
Manager
Susan Hsieh, Director of
Finance

Submitted by:



Susan Hsieh, Director of Finance

Approved by:



Gerry Beaudin, City
Manager

Attachments:

1. Attachment 1 - Resolution adopting FY 2027 Mid-Term Budget Update
2. Attachment 2 - Resolution Exhibit A - FY 2027 Mid-Term Update Operating and Capital Budget
3. Attachment 3 - Resolution Exhibit B - Five-Year Water Capital Improvement Program
4. Attachment 4 - General Fund Ten-Year Financial Forecast Update
5. Attachment 5 - FY 2027 Mid-Term Budget Update Presentation

RESOLUTION NO. 2026-038

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PLEASANTON, ACCEPTING THE FISCAL YEAR 2026/27 MID-TERM UPDATE FOR OPERATING AND CAPITAL BUDGET AND APPROVING A REVISED FIVE-YEAR WATER CAPITAL IMPROVEMENT PROGRAM

WHEREAS, the City adopted the FY 2025/26 – FY 2026/27 Two-Year Operating and Capital Budget, including the Five-Year Capital Improvement Program on June 17, 2025; and

WHEREAS, it is fiscally prudent to review the Two-Year Operating and Capital Budget to refine revenue projections and expenditures; and

WHEREAS, at a public hearing on May 19, 2026, staff presented a report detailing the recommended Mid-Term Operating and Capital Budget adjustments for FY 2026/27, including a revised five-year water capital improvement program.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PLEASANTON DOES RESOLVE, DECLARE, DETERMINE AND ORDER THE FOLLOWING:

SECTION 1: Adopts the Mid-Term Operating and Capital Budget adjustments for FY 2026/27, including a revised five-year water capital improvement program (Exhibit B), and FY 2026/27 Mid-Term Update Operating and Capital Budget (Exhibit A).

SECTION 2: Authorizes revenue, transfer and expenditure adjustments to the FY 2026/27 Adopted Operating and Capital Budget.

SECTION 3: Approve a revised five-year water capital improvement program for debt issuance purposes.

SECTION 4: This resolution shall become effective immediately upon its passage and adoption.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Pleasanton at a regular meeting held on May 19, 2026.

{Signatures to follow on next page}

I, Jocelyn Kwong, City Clerk of the City of Pleasanton, California, certify that the foregoing resolution was adopted by the City Council at a regular meeting held on the 19th day of May 2026, by the following vote:

Ayes:	Councilmembers Eicher, Gaidos, Nibert, Testa, Mayor Balch
Noes:	None
Absent:	None
Abstain:	None



Jocelyn Kwong, City Clerk

APPROVED AS TO FORM:



Daniel G. Sodergren, City Attorney

City of Pleasanton, CA

FY2026/27 Mid-Term Update Operating & Capital Budget



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OPERATING BUDGET TABLES

FY 2026/27 Mid-Term Update

FY 2026/27 Mid-Term Budget Adjustment Summary

	Budget Revenues	Rec Adjustments	Mid-Term Revenues	Budget Transfers	Rec Adjustments	Mid-Term Transfers	Budget Expenditures	Rec Adjustments	Mid-Term Expenditures
General Fund									
General Fund	\$165,761,951	(\$395,349)	\$165,366,602	(\$6,447,000)	\$50,000	(\$6,397,000)	(\$160,843,080)	(\$172,545)	(\$161,015,625)
Capital Reserve Fund	-	-	-	(2,000,000)	(500,000)	(2,500,000)	-	-	-
Subtotal General Fund	\$165,761,951	(\$395,349)	\$165,366,602	(\$8,447,000)	(\$450,000)	(\$8,897,000)	(\$160,843,080)	(\$172,545)	(\$161,015,625)
Enterprise									
Cemetery	\$252,800	(\$65,000)	\$187,800	\$50,000	-	\$50,000	(\$338,759)	\$51,897	(\$286,862)
Golf	6,792,950	222,556	7,015,506	(720,000)	-	(720,000)	(5,777,140)	(64,867)	(5,842,007)
Water	42,551,959	7,052,099	49,604,058	(1,353,337)	(\$944,913)	(2,298,250)	(40,113,868)	(4,390,029)	(44,503,897)
Recycled Water	2,621,326	386,472	3,007,798	(730,799)	-	(730,799)	(2,148,704)	(72,001)	(2,220,705)
Sewer	19,237,087	1,141,400	20,378,487	(847,000)	1,000,000	153,000	(19,863,434)	(598,910)	(20,462,344)
Storm Drain	987,000	-	987,000	625,000	-	625,000	(1,804,200)	(121,154)	(1,925,354)
Transit	105,100	492,460	597,560	50,000	(50,000)	-	(72,780)	(524,780)	(597,560)
Subtotal Enterprise Funds	\$72,548,222	\$9,229,987	\$81,778,209	(\$2,926,136)	\$5,087	(\$2,921,049)	(\$70,118,886)	(\$5,719,844)	(\$75,838,730)
Internal Service									
Facilities Renovation	\$608,300	\$17,500	\$625,800	\$195,904	-	\$195,904	(\$1,190,500)	(\$540,000)	(\$1,730,500)
Fire Apparatus Replacement	527,200	-	527,200	-	\$500,000	500,000	(277,834)	(1,600,000)	(1,877,834)
Golf Replacement	20,800	-	20,800	720,000	-	720,000	(495,000)	140,000	(355,000)
Library & Recreation Equipment Replacement	-	70,000	70,000	-	-	-	-	(55,000)	(55,000)
Park & Median Renovation	350,400	-	350,400	-	-	-	(250,000)	(100,000)	(350,000)
Police Vehicle Replacement	444,300	-	444,300	-	-	-	(1,090,000)	(190,000)	(1,280,000)
Self-Insurance Retention	7,337,000	(1,337,000)	6,000,000	-	-	-	(7,337,000)	1,337,000	(6,000,000)
Traffic Signal Replacement	262,510	-	262,510	-	-	-	(450,000)	(100,000)	(550,000)
Vehicle Replacement	667,800	-	667,800	-	-	-	(831,000)	(275,000)	(1,106,000)
Subtotal Internal Service	\$10,218,310	(\$1,249,500)	\$8,968,810	\$915,904	\$500,000	\$1,415,904	(\$11,921,334)	(\$1,383,000)	(\$13,304,334)
Special Revenue									
Community Access TV	\$36,000	-	\$36,000	-	-	-	(\$120,000)	(\$188,696)	(\$308,696)
Community Development Block Grant	420,182	-	420,182	-	-	-	(468,405)	19,580	(448,825)
HOME Program	140,587	-	140,587	-	-	-	(140,642)	(16,234)	(156,876)
Lower Income Housing	1,406,600	-	1,406,600	-	-	-	(857,865)	12,810	(845,055)
Miscellaneous Donations	5,000	\$350,000	355,000	-	-	-	(65,000)	(350,000)	(415,000)
Operating Grants	123,948	123,864	247,812	-	-	-	(123,948)	(123,864)	(247,812)
Opioid Settlement	2,700	-	2,700	-	-	-	(53,000)	(216,000)	(269,000)
Pleasanton Garbage Service Rate Reserve	1,916,000	-	1,916,000	(\$1,193,760)	-	(\$1,193,760)	(1,211,317)	(57,051)	(1,268,368)
Recycling & Waste Mgmt	237,100	-	237,100	-	-	-	(253,703)	18,332	(235,371)
Urban Forestry	122,700	-	122,700	(25,000)	-	(25,000)	(51,500)	(30,000)	(81,500)
Subtotal Special Revenue Funds	\$4,410,817	\$473,864	\$4,884,681	(\$1,218,760)	-	(\$1,218,760)	(\$3,345,380)	(\$931,123)	(\$4,276,503)
Total	\$252,939,300	\$8,059,002	\$260,998,302	(\$11,675,992)	\$55,087	(\$11,620,905)	(\$246,228,680)	(\$8,206,512)	(\$254,435,192)

Estimated Changes in Fund Balances

	Beginning FY 2026 Balance	Modified FY 2026 Revenue	Modified FY 2026 Net Transfer	Modified FY 2026 Expenditure	Projected FY 2027 Beginning Bal.	Mid-Term FY 2027 Revenue	Mid-Term FY 2027 Net Transfer	Mid-Term FY 2027 Expenditure	Projected FY 2027 Ending Balance
General Fund (1)	\$56,648,415	\$160,835,912	(\$6,604,000)	(\$154,209,262)	\$56,671,064	\$167,666,602	(\$6,397,000)	(\$161,015,625)	\$56,925,041
Capital Reserve Fund	6,620,550	-	(1,500,000)	-	5,120,550	-	(2,500,000)	-	2,620,550
Enterprise									
Cemetery	\$172,696	\$249,000	\$170,000	(\$328,358)	\$263,338	\$187,800	\$50,000	(\$286,862)	\$214,275
Golf	3,071,507	6,530,533	(720,000)	(5,502,012)	3,380,028	7,015,506	(720,000)	(5,842,007)	3,833,527
Water	14,785,267	43,216,577	(861,837)	(39,221,720)	17,918,286	49,604,058	(2,298,250)	(44,503,897)	20,720,197
Recycled Water	(2,765,874)	2,673,326	(730,799)	(2,198,348)	(3,021,695)	3,007,798	(730,799)	(2,220,705)	(2,965,401)
Sewer	9,551,869	18,647,979	(701,000)	(20,539,506)	6,959,342	20,378,487	153,000	(20,462,344)	7,028,485
Storm Drain	1,731,064	987,000	625,000	(1,725,871)	1,617,193	987,000	625,000	(1,925,354)	1,303,839
Transit	631,857	717,301	50,000	(661,854)	737,304	597,560	-	(597,560)	737,304
Subtotal Enterprise Funds	\$27,178,386	\$73,021,716	(\$2,168,636)	(\$70,177,669)	\$27,853,797	\$81,778,209	(\$2,921,049)	(\$75,838,730)	\$30,872,227
Internal Service									
City Enhancement Fund	\$448,227	\$10,200	-	(\$100,000)	\$358,427	\$12,300	-	(\$100,000)	\$270,727
Employee Benefits (2)	81,191	1,354,603	-	(1,270,003)	165,791	1,410,113	-	(1,308,013)	267,891
Equipment Replacement	2,854,051	608,600	-	(760,000)	2,702,651	648,400	-	(380,000)	2,971,051
Facilities Renovation	4,108,229	573,140	\$2,020,904	(2,055,500)	4,646,773	625,800	\$195,904	(1,730,500)	3,737,977
Fire Apparatus Replacement	2,771,193	493,600	-	(1,515,767)	1,749,026	527,200	500,000	(1,877,834)	898,392
Golf Replacement	1,022,465	17,300	720,000	(200,000)	1,559,765	20,800	720,000	(355,000)	1,945,565
Information Technology Replacement	2,398,591	403,700	-	(300,000)	2,502,291	427,000	-	(300,000)	2,629,291
Library/Recreation Equipment Replacement	128,179	65,000	-	(65,000)	128,179	70,000	-	(55,000)	143,179
Park & Median Renovation	1,271,906	332,500	-	(600,000)	1,004,406	350,400	-	(350,000)	1,004,806
PARS Section 115 Fund	31,588,706	-	-	-	31,588,706	-	-	-	31,588,706
Police Vehicle Replacement	1,853,839	417,900	-	(820,000)	1,451,739	444,300	-	(1,280,000)	616,039
Public Art Acquisition	507,170	115,500	-	-	622,670	121,800	-	-	744,470
Retirees' Medical Reserve (3)	1,873,131	4,821,000	(1,143,000)	(3,678,000)	1,873,131	5,171,000	(1,264,000)	(3,907,000)	1,873,131
Self-Insurance Retention	2,660,675	5,970,000	-	(5,970,000)	2,660,675	6,000,000	-	(6,000,000)	2,660,675
Street Light Replacement	2,263,254	45,200	-	(220,000)	2,088,454	54,300	-	(220,000)	1,922,754
Traffic Signal Replacement	1,375,897	245,010	-	(450,000)	1,170,907	262,510	-	(550,000)	883,417
Vehicle Replacement	3,645,417	624,800	-	(831,000)	3,439,217	667,800	-	(1,106,000)	3,001,017
Workers Compensation (4)	(1,215,284)	3,618,400	-	(3,081,400)	(678,284)	3,682,500	-	(3,315,000)	(310,784)
Subtotal Internal Service	\$59,636,835	\$19,716,453	\$1,597,904	(\$21,916,670)	\$59,034,522	\$20,496,223	\$151,904	(\$22,834,347)	\$56,848,302

1) General Fund revenue numbers reflect the use of reserves: \$349,150 in FY 2025/26 and \$2,300,000 in FY 2026/27.

2) The Governmental Accounting Standards Board (GASB) 101, which pertains to compensated absences, requires agencies to recognize leave liabilities. As part of this requirement, the City had to restate its FY 2023/24 financial statements to reflect the overall liability. Beginning fund balance excludes FY 2023/24 restatement of \$7.46 million obligation primarily associated with sick leave liability.

3) Beginning fund balance excludes GASB 31 adjustments (unrealized investment gain/loss), pension and retiree health liabilities and long-term debt

4) The negative fund balance reflects the estimated future liability for outstanding workers' compensation claims. The negative fund balance will be eliminated over time with increased internal service charges.

Estimated Changes in Fund Balances (Continued)

	Beginning FY 2026 Balance	Modified FY 2026 Revenue	Modified FY 2026 Net Transfer	Modified FY 2026 Expenditure	Projected FY 2027 Beginning Bal.	Mid-Term FY 2027 Revenue	Mid-Term FY 2027 Net Transfer	Mid-Term FY 2027 Expenditure	Projected FY 2027 Ending Balance
Special Revenue									
Abandoned Vehicle	\$120,887	\$32,400	-	(\$34,700)	\$118,587	\$32,900	-	(\$35,800)	\$115,687
Asset Forfeiture	22,127	400	-	(18,000)	4,527	400	-	-	4,927
Asset Forfeiture - Federal	10,272	200	-	(9,000)	1,472	200	-	-	1,672
Bernal Donations	35,834	100,000	-	(50,000)	85,834	100,000	-	(50,000)	135,834
Bonde Landscape District	24,774	41,600	-	(52,300)	14,074	27,389	-	(27,139)	14,323
Business Support	2,101,965	367,650	(\$350,000)	-	2,119,615	350,000	(\$350,000)	-	2,119,615
Community Access TV	1,719,851	30,000	-	(270,000)	1,479,851	36,000	-	(308,696)	1,207,155
Community Development Block Grant	525,813	421,136	-	(465,712)	481,237	420,182	-	(448,825)	452,594
DARE	18,142	300	-	(9,000)	9,442	400	-	(9,000)	842
Downtown Economic Development Loan	29,657	500	-	-	30,157	600	-	-	30,757
Downtown Parking In-Lieu	724,713	13,200	-	-	737,913	15,900	-	-	753,813
HAPPY Public Art Donations	139,920	11,800	-	(122,316)	29,404	12,200	-	(10,000)	31,604
HBPOA Maintenance District	-	150,000	-	(150,000)	-	150,000	-	(150,000)	-
HOME Program	989,315	140,331	-	(156,623)	973,023	140,587	-	(156,876)	956,734
Laurel Creek Geologic Hazard District	949,719	67,161	-	(95,110)	921,770	76,472	-	(95,310)	902,932
Law Enforcement	254,713	223,500	-	(225,038)	253,175	238,200	-	(227,998)	263,377
Lemoine Geologic Hazard District	60,754	10,922	-	(30,787)	40,889	11,560	-	(30,887)	21,562
Lower Income Housing	18,260,120	3,000,500	-	(1,170,579)	20,090,041	1,406,600	-	(845,055)	20,651,586
Miscellaneous Donations	384,165	5,000	-	(65,000)	324,165	355,000	-	(415,000)	264,165
Moller Geologic Hazard District	87,308	15,400	-	(23,686)	79,022	16,100	-	(28,786)	66,336
Moller Ranch Landscape District	257,195	75,576	-	(86,800)	245,971	64,757	-	(22,150)	288,578
North Pleasanton Improvements District	1,104,741	35,334	-	(23,700)	1,116,375	39,234	-	(23,900)	1,131,709
Oak Tree Farm Geologic Hazard District	109,095	16,504	-	(38,480)	87,119	19,165	-	(38,580)	67,704
Oak Tree Farm Landscape District	66,881	28,162	-	(62,300)	32,743	21,986	-	(22,054)	32,675
Operating Grants	325,794	858,851	-	(810,720)	373,925	247,812	-	(247,812)	373,925
Opioid Settlement	465,116	2,200	-	(153,000)	314,316	2,700	-	(269,000)	48,016
Other Governmental	163,739	32,400	-	(5,000)	191,139	32,900	-	(5,000)	219,039
PFAS Settlements	581,564	-	-	-	581,564	-	-	-	581,564
Pleasanton Garbage Service Rate Reserve	4,593,289	3,101,500	(1,193,760)	(1,196,664)	5,304,365	1,916,000	(1,193,760)	(1,268,368)	4,758,237
Ponderosa Landscape District	86,320	32,317	-	(52,668)	65,969	17,413	-	(25,818)	57,564
Recycling & Waste Mgmt	100,637	235,900	-	(250,265)	86,271	237,100	-	(235,371)	88,000
Recycling & Waste Mgmt Import Mitigation	119,247	1,000	-	-	120,247	1,200	-	-	121,447
Urban Forestry	1,580,365	619,200	(25,000)	(77,031)	2,097,534	122,700	(25,000)	(81,500)	2,113,734
Windsor Landscape District	(7,283)	24,266	-	(32,575)	(15,592)	24,266	-	(15,081)	(6,407)
Subtotal Special Revenue Funds	\$36,006,749	\$9,695,210	(\$1,568,760)	(\$5,737,054)	\$38,396,146	\$6,137,923	(\$1,568,760)	(\$5,094,006)	\$37,871,302
Debt Service Funds									
Recycled Water Debt Service	\$3,265,486	\$44,500	-	-	\$3,309,986	\$53,400	-	-	\$3,363,386
2024 Water Revenue Bonds (5)	11,286,077	84,500	\$260,195	(\$1,113,750)	10,517,022	101,400	\$1,115,250	(\$1,115,250)	10,618,422
Subtotal Debt Service Funds	\$14,551,562	\$129,000	\$260,195	(\$1,113,750)	\$13,827,007	\$154,800	\$1,115,250	(\$1,115,250)	\$13,981,807
Other Funds									
PTCWD #3	\$312,107	\$6,000	-	(\$7,700)	\$310,407	\$7,200	-	(\$7,700)	\$309,907
Total - All Funds	\$200,954,603	\$263,404,291	(\$9,983,297)	(\$253,162,105)	\$201,213,492	\$276,240,957	(\$12,119,655)	(\$265,905,659)	\$199,429,136

5) Beginning fund balance represents remaining bond proceeds for capital project use. Expenditures included in this fund represent the City's annual debt service payment obligation, funded by the Water Operating Fund.

Summary of Revenues and Expenditures – Citywide

	FY 2025 Actual	FY 2026 Modified Budget	FY 2027		
			Adopted Budget	Recommended Adjustments	Mid-Term Budget
Revenues					
General Fund	\$173,662,054	\$160,486,762	\$165,761,951	(\$395,349)	\$165,366,602
Internal Service Funds	18,907,594	19,716,453	21,745,723	(1,249,500)	20,496,223
Enterprise Funds	69,227,535	73,021,716	72,548,222	9,229,987	81,778,209
Special Revenue Funds	8,838,849	9,695,210	5,664,059	473,864	6,137,923
Debt Service Funds	668,119	129,000	154,800	-	154,800
Private-purpose Trust Fund	7,630	6,000	7,200	-	7,200
Total Revenues	\$271,311,781	\$263,055,141	\$265,881,955	\$8,059,002	\$273,940,957
Expenditures					
General Fund	\$166,515,054	\$154,209,262	\$160,843,080	\$172,545	\$161,015,625
Internal Service Funds	28,939,164	21,916,670	21,451,347	1,383,000	22,834,347
Enterprise Funds	62,785,282	70,177,669	70,118,886	5,719,844	75,838,730
Special Revenue Funds	5,840,037	5,737,054	4,162,883	931,123	5,094,006
Debt Service Funds	846,291	1,113,750	1,115,250	-	1,115,250
Private-purpose Trust Fund	22,095	7,700	7,700	-	7,700
Total Expenditures	\$264,947,922	\$253,162,105	\$257,699,147	\$8,206,512	\$265,905,659

General Fund Operating Budget Summary – Revenues

	FY 2025 Actual	FY 2026 Modified Budget	FY 2027		
			Adopted Budget	Recommended Adjustments	Mid-Term Budget
Property Tax	\$92,605,525	\$96,546,900	\$101,442,100	(\$1,867,100)	\$99,575,000
Sales & Use Tax	25,286,992	25,803,500	26,700,200	(885,700)	25,814,500
Other Taxes	13,522,889	13,421,300	13,192,700	545,000	13,737,700
Franchise Fees	3,534,124	3,491,400	3,545,800	-	3,545,800
Permits & Planning Fees	9,164,527	6,307,000	5,715,050	615,000	6,330,050
Fines & Forfeitures	191,195	184,000	184,000	-	184,000
Interest	1,103,980	1,028,400	1,234,100	-	1,234,100
Intergovernmental	959,054	485,000	512,000	112,600	624,600
Charges for Service	1,446,175	1,670,470	1,718,809	(19,500)	1,699,309
Interfund Revenue	4,012,330	3,467,694	3,566,494	606,873	4,173,367
Recreation Revenue	4,954,749	4,907,198	4,730,698	493,178	5,223,876
Reimbursements & Miscellaneous	16,880,514	3,173,900	3,220,000	4,300	3,224,300
Total Revenues	\$173,662,054	\$160,486,762	\$165,761,951	(\$395,349)	\$165,366,602
Transfers In	\$1,367,145	\$2,887,000	\$3,494,000	\$500,000	\$3,994,000
Total Revenues & Transfers	\$175,029,199	\$163,373,762	\$169,255,951	\$104,651	\$169,360,602

General Fund Operating Budget Summary – Expenditures

	FY 2025 Actual	FY 2026 Modified Budget	FY 2027		
			Adopted Budget	Recommended Adjustments	Mid-Term Budget
Personnel	\$109,348,513	\$110,907,391	\$116,112,780	(\$735,865)	\$115,376,915
Transportation & Training	1,711,253	1,832,667	1,638,367	317,000	1,955,367
Repairs & Maintenance	5,645,428	5,562,744	5,733,574	147,780	5,881,354
Materials, Supplies & Services	33,747,113	34,539,435	35,941,334	396,630	36,337,964
Capital Outlay	15,119,647	1,002,025	1,052,025	47,000	1,099,025
Debt Services	943,101	365,000	365,000	-	365,000
Total Expenditures	\$166,515,054	\$154,209,262	\$160,843,080	\$172,545	\$161,015,625
Transfers Out	\$7,200,548	\$9,491,000	\$9,941,000	\$450,000	\$10,391,000
Total Expenditures & Transfers	\$173,715,602	\$163,700,262	\$170,784,080	\$622,545	\$171,406,625

General Fund Transfer Summary

Operating Transfers	Adopted Budget	Recommended Adjustments	Mid-Term Budget
OPERATING TRANSFERS IN - From:			
Urban Forestry Fund	\$25,000	-	\$25,000
Retiree Medical Fund (Implied Subsidy)	1,119,000	-	1,119,000
Capital Reserve Fund	2,000,000	\$500,000	2,500,000
Business Loan Repayment	350,000	-	350,000
OPERATING TRANSFERS OUT - To:			
CIP & CIPR	(8,791,000)	-	(8,791,000)
Senior & Low Income Water & Sewer Discounts			
Water Fund	(315,000)	-	(315,000)
Sewer Fund	(110,000)	-	(110,000)
Paratransit Fund (Subsidy)	(50,000)	50,000	-
Storm Drain Fund (Subsidy)	(625,000)	-	(625,000)
Cemetery Fund (Subsidy)	(50,000)	-	(50,000)
Fire Apparatus Replacement Fund	-	(500,000)	(500,000)
Net Operating Transfers	(\$6,447,000)	\$50,000	(\$6,397,000)

Personnel Allocation Adjustment Summary – Non-General Fund

Proposed Adjustment	Impacted Department	FTE Impact	Non-General Fund Fiscal Impact
Recycling & Waste Mgmt			
Assistant Director of Public Works-Operations & Maintenance	PW	0.05	\$17,750
Management Analyst	PW	0.60	157,960
Waste & Recycling Manager	PW	(0.60)	(194,042)
Recycling & Waste Mgmt Subtotal		0.05	(\$18,332)
Pleasanton Garbage Service Rate Reserve			
Assistant Director of Public Works-Operations & Maintenance	PW	0.05	\$17,750
Management Analyst	PW	(0.60)	(158,434)
Waste & Recycling Manager	PW	0.60	193,430
Pleasanton Garbage Service Rate Reserve Subtotal		0.05	\$52,746
Cemetery			
Director of Library & Recreation	L&R	0.05	\$22,745
Senior Office Assistant	L&R	0.05	9,055
Senior Office Assistant	L&R	0.05	8,652
Senior Office Assistant	L&R	0.05	7,675
Cemetery Subtotal		0.20	\$48,127
Golf			
Assistant Director of Public Works-Operations & Maintenance	PW	0.05	\$17,716
Golf Subtotal		0.05	\$17,716
Water			
Assistant Director of Public Works-Operations & Maintenance	PW	(0.45)	(\$160,274)
Assistant Engineer I	PW	0.50	131,900
Chief Utilities System Operator	PW	0.20	62,366
Environmental Services Manager	PW	0.11	31,321
Environmental Services Specialist	PW	0.05	11,499
Environmental Services Specialist	PW	0.30	66,264
Utilities Systems Maintenance Supervisor	PW	(0.40)	(128,813)
Water Quality Technician	PW	(1.00)	(266,643)
Water Subtotal		(0.69)	(\$252,380)
Recycled Water			
Assistant Engineer I	PW	0.10	\$26,379
Environmental Services Manager	PW	(0.03)	(8,696)
Environmental Services Specialist	PW	(0.05)	(11,919)
Environmental Services Specialist	PW	(0.50)	(110,976)
Utilities Planning Manager	PW	0.05	15,572
Recycled Water Subtotal		(0.43)	(\$89,640)
Sewer			
Assistant Engineer I	PW	0.30	\$79,139
Chief Utilities System Operator	PW	(0.20)	(62,840)
Environmental Services Manager	PW	(0.05)	(14,357)
Environmental Services Specialist	PW	(0.10)	(22,802)
Environmental Compliance Supervisor	PW	0.20	50,840
Utilities Planning Manager	PW	(0.10)	(31,383)
Utilities Systems Maintenance Supervisor	PW	0.40	128,325
Sewer Subtotal		0.45	\$126,922
Storm Drain			
Assistant Engineer I	PW	0.10	\$26,379
Environmental Services Manager	PW	(0.03)	(8,716)
Environmental Services Specialist	PW	0.20	44,309
Environmental Services Specialist	PW	0.10	22,403
Environmental Compliance Supervisor	PW	(0.20)	(51,308)
Utilities Planning Manager	PW	0.05	15,572
Storm Drain Subtotal		0.22	\$48,639
Total		(0.10)	(\$66,202)

CAPITAL BUDGET TABLES

FY 2026/27 Mid-Term Update

CIP Fund Balance Summary - All Funds

Fund	Fund Description	FY 2027							
		Beginning Balance	Revenue Adopted Budget	Revenue Recommended Adjustment	Revenue Recommended Revised Budget	Expenditure Adopted Budget	Expenditure Recommended Adjustment	Expenditure Recommended Revised Budget	Projected Year-End Fund Balance
160	Gas Tax	\$450,983	\$4,583,427	-	\$4,583,427	\$3,862,500	-	\$3,862,500	\$1,171,910
161	Marilyn Kane Trail Reserve	125,297	2,600	-	2,600	-	-	-	127,897
162	Miscellaneous CIP Grants	(281,980)	-	-	-	-	-	-	(281,980)
163	Measure B Bike & Pedestrian	-	-	-	-	-	-	-	-
165	Measure BB Bike & Pedestrian	587,421	573,762	-	573,762	580,000	-	580,000	581,183
166	Measure F	24,673	369,991	-	369,991	400,000	(\$100,000)	300,000	94,664
167	Specific Plans	783,773	18,900	-	18,900	-	-	-	802,673
170	Measure BB - Streets/Roads	40,570	1,969,614	-	1,969,614	1,900,000	-	1,900,000	110,184
172	Transportation Development Grant	255,684	-	-	-	-	-	-	255,684
173	JDEDZ Transportation Fee	22,524	2,400	-	2,400	-	-	-	24,924
201	Miscellaneous CIP-Gen	3,149,180	9,404,500	-	9,404,500	5,881,000	-	5,881,000	6,672,680
202	Downtown & North Pleas CIP	148,989	60,000	-	60,000	-	-	-	208,989
203	Capital Facilities Impact Fees	2,730,386	21,300	-	21,300	74,000	-	74,000	2,677,686
204	Misc Developer Contributions	724,473	13,600	-	13,600	-	-	-	738,073
211	Street CIP - Gen	2,928,602	1,403,960	-	1,403,960	1,300,000	(1,200,000)	100,000	4,232,562
212	Traffic Impact Fees	3,416,970	229,300	-	229,300	-	-	-	3,646,270
214	Trivalley Transportation	982,789	58,200	-	58,200	-	-	-	1,040,989
215	Streets Developer Contribution	662,208	150,200	-	150,200	-	-	-	812,408
221	Park CIP - Gen	3,432,515	47,900	-	47,900	850,000	-	850,000	2,630,415
222	Park Development Impact Fees	4,805,317	205,200	-	205,200	100,000	-	100,000	4,910,517
223	Parks Developer Contributions	478,700	7,200	-	7,200	-	-	-	485,900
241	Sewer Developer Contributions	44,901	900	-	900	-	-	-	45,801
421	Water Replacement CIP	2,628	15,713,400	\$1,000,000	16,713,400	13,130,605	376,800	13,507,405	3,208,623
422	Water Connection Fees	4,451,337	89,700	-	89,700	2,116,800	(2,116,800)	-	4,541,037
426	Recycled Water CIP	255,685	434,894	-	434,894	484,894	-	484,894	205,685
431	Sewer Replacement CIP	5,002,709	1,249,200	(1,000,000)	249,200	1,801,068	1,150,000	2,951,068	2,300,841
432	Sewer Connection Fees	3,405,506	68,800	-	68,800	29,415	-	29,415	3,444,891
441	Storm Drain Replacement/Renov	2,492,136	44,800	-	44,800	200,000	-	200,000	2,336,936
Total		\$41,123,975	\$36,723,748	-	\$36,723,748	\$32,710,282	(\$1,890,000)	\$30,820,282	\$47,027,441

Note: Beginning balances are adjusted based on projected FY 2026 ending balances, recommended carryforwards from FY 2026 into FY 2027 will be reported early in FY 2027.

CIP Budget Summary By Projects

Project Category	Project Name	Funding Source	FY 2026 Modified Budget	FY 2027 Adopted Budget	FY 2027 Recommended Adjustment	FY 2027 Mid-Term Budget
Sewer						
	Amberwood Siphon Replacement	431	-	\$270,000	(\$270,000)	-
	Annual Sewer Inspection System Improvements	431	\$730,000	750,000	(559,000)	\$191,000
	Denker Area Emergency Sewer Repairs	431	-	-	1,090,000	1,090,000
	Denker Drive Emergency Sewer Repairs	431	650,000	-	-	-
	Emergency Power Improvements Utility System	431	747,532	-	-	-
	Force Main Desktop Analysis and Inspections	431	-	-	416,000	416,000
	Large Diameter Sewer Pipe Inspection Study	431	-	-	163,000	163,000
	Sewer Capacity Evaluation	431	36,673	-	-	-
	Sewer Station S-14 Electrical Improvements	431	643,138	-	-	-
	Sewer System Emergency Power Improvements Program	431	1,420,000	440,000	310,000	750,000
	Sewer System Management Plan	431	132,759	-	-	-
	Sunol Boulevard Sewer Improvements	431	300,000	-	-	-
Sewer Total			\$4,660,103	\$1,460,000	\$1,150,000	\$2,610,000
Transportation & Streets						
	2025 Bi-Annual Evaluation/Reclassification of Street Surfaces	160	\$25,000	-	-	-
	2nd Bridge Bernal/Laguna Reserve	215	1,707,143	-	-	-
	Annual Bicycle & Pedestrian Improvements	165	347,161	\$100,000	-	\$100,000
	Annual Bicycle & Pedestrian Improvements	172	434,940	-	-	-
	Annual Curb & Gutter & ADA Ramp	160	-	900,000	-	900,000
	Annual Intersection Improvements at Various Locations	160	89,321	-	-	-
	Annual Safety Improvements at Various Locations	160	100,000	105,000	-	105,000
	Annual Sidewalk & ADA Ramp	160	150,000	155,000	-	155,000
	Annual Sidewalk & Intersection Ramp Installations (ADA)	160	50,217	-	-	-
	Annual Sidewalk Maintenance	160	14,681	-	-	-
	Annual Slurry Sealing of Various Streets	160	300,276	1,550,000	-	1,550,000
	Annual Street Resurfacing & Reconstruction	160	2,143,481	1,100,000	-	1,100,000
	Annual Street Resurfacing & Reconstruction	165	-	450,000	-	450,000
	Annual Street Resurfacing & Reconstruction	166	400,000	400,000	(\$100,000)	300,000
	Annual Street Resurfacing & Reconstruction	170	1,975,000	1,900,000	-	1,900,000
	Annual Street Resurfacing & Reconstruction	211	68,212	1,300,000	(1,200,000)	100,000
	Annual Traffic Buttons & Line Marker Installation	160	88,959	52,500	-	52,500

CIP Budget Summary By Projects (Continued)

Project Category	Project Name	Funding Source	FY 2026 Modified Budget	FY 2027 Adopted Budget	FY 2027 Recommended Adjustment	FY 2027 Mid-Term Budget
Transportation & Streets - continued						
	Annual Trail Resurfacing Project	165	197,175	-	-	-
	Clara Lane Extension Reimbursement Reserve	215	663,041	-	-	-
	DOT Grant West Las Positas Project #11514	162	1,700,000	-	-	-
	Dublin Canyon Road Widening Reserve	215	2,332,705	-	-	-
	Extension of Livingston Way Reserve	215	25,479	-	-	-
	Happy Valley Bypass Road & Improvements Reserve	215	645,905	-	-	-
	Hopyard Road & Owens Drive Intersection Improvements	211	972,640	-	-	-
	Hopyard Road & Owens Drive Intersection Improvements	212	1,375,143	-	-	-
	Hopyard Road & Owens Drive Intersection Improvements	216	300,034	-	-	-
	I-580 Overcrossing Bicycle & Pedestrian Improvements	162	775,000	-	-	-
	I-580 Overcrossing Bicycle & Pedestrian Improvements	165	175,000	-	-	-
	JDEDZ Right Of Way and Miscellaneous	211	2,703	-	-	-
	JDEDZ Transportation Fee Reserve	173	1,027,034	-	-	-
	Old Vineyard Avenue Pedestrian Trail-Phase 2 & 3 Reserve	215	30,673	-	-	-
	Old Vineyard Avenue Pedestrian Trail-Phase 2 & 3 Reserve	167	133,902	-	-	-
	Pleasanton Traffic Model Update	160	230,000	-	-	-
	Quiet Zone Feasibility Study	201	175,000	-	-	-
	Stoneridge Drive & I-680 On-Ramp	212	2,665,897	-	-	-
	Sunol Boulevard Interchange Improvements	162	2,055,915	-	-	-
	Sunol Boulevard Interchange Improvements	212	1,166,547	-	-	-
	Tri-Valley Transportation Fees Reserve	214	1,777,618	-	-	-
	Use Of Dublin Freeway Reimbursement Reserve	211	2,108,462	-	-	-
	Vineyard Avenue Corridor Improvements Reserve	215	30,673	-	-	-
	West Las Positas Boulevard Multimodal Reconstruction	160	5,567,456	-	-	-
	West Las Positas Boulevard Multimodal Reconstruction	162	8,167,000	-	-	-
	West Las Positas Boulevard Multimodal Reconstruction	163	239,200	-	-	-
	West Las Positas Boulevard Multimodal Reconstruction	165	1,021,536	-	-	-
	West Las Positas Boulevard Multimodal Reconstruction	166	350,000	-	-	-
	West Las Positas Boulevard Multimodal Reconstruction	170	2,350,000	-	-	-
	West Las Positas Boulevard Multimodal Reconstruction	201	6,298,648	-	-	-
	West Las Positas Boulevard Multimodal Reconstruction	202	3,470,525	-	-	-
	West Las Positas Boulevard Multimodal Reconstruction	211	5,662,523	-	-	-

CIP Budget Summary By Projects (Continued)

Project Category	Project Name	Funding Source	FY 2026 Modified Budget	FY 2027 Adopted Budget	FY 2027 Recommended Adjustment	FY 2027 Mid-Term Budget
Transportation & Streets -continued						
	West Las Positas Boulevard Multimodal Reconstruction	421	400,000	-	-	-
	West Las Positas Boulevard Multimodal Reconstruction	431	500,000	-	-	-
	West Las Positas Multimodal Reconstruction -Owens Drive to Santa Rita Road	162	750,000	-	-	-
	West Las Positas Multimodal Reconstruction -Owens Drive to Santa Rita Road	165	250,000	-	-	-
	Westbound Bernal Avenue at First Street/Sunol Boulevard Intersection Improvements	160	1,950,000	-	-	-
	Westbound Bernal Avenue at First Street/Sunol Boulevard Intersection Improvements	215	1,237,600	-	-	-
Transportation & Streets Total			\$66,675,424	\$8,012,500	(\$1,300,000)	\$6,712,500
Water						
	Annual Recycled Water Repair & Replacement	426	\$50,000	-	-	-
	Annual Recycled Water System Improvements	426	50,000	\$50,000	-	\$50,000
	Annual Water Distribution System Improvements	421	1,300,000	680,000	\$200,000	880,000
	City Groundwater Supply	162	4,479	-	-	-
	City Groundwater Supply	421	2,976,769	9,263,200	(9,263,200)	-
	City Groundwater Supply	422	-	2,116,800	(2,116,800)	-
	Emergency Power Improvements Utility System	421	266,990	-	-	-
	Kilkare and Sunol Fire Flow Improvements Program	421	-	-	500,000	500,000
	Lemoine Bypass Pipeline (DS-5)	421	136,427	-	-	-
	Near-Term Water Improvements	421	2,241,039	-	-	-
	Recycled Water System Management Plan	426	300,000	-	-	-
	Turnout #4 Pre-packaged Booster Station Procurement	421	1,300,000	-	-	-
	Water Meter and AMI System Replacement	421	2,020,000	2,100,000	6,810,000	8,910,000
	Water System Emergency Power Improvements Program	421	590,000	610,000	2,130,000	2,740,000
	Water System Management Plan	421	255,711	-	-	-
Water Total			\$11,491,415	\$14,820,000	(\$1,740,000)	\$13,080,000
Facilities						
	Alviso Adobe Strategic Plan Implementation Reserve	203	\$650,000	-	-	-
	Alviso Adobe Strategic Plan Implementation Reserve	222	117,154	-	-	-

CIP Budget Summary By Projects (Continued)

Project Category	Project Name	Funding Source	FY 2026 Modified Budget	FY 2027 Adopted Budget	FY 2027 Recommended Adjustment	FY 2027 Mid-Term Budget
Facilities-continued						
	Annual Facility Replacement	201	398,000	\$251,000	-	\$251,000
	Annual Facility Replacement	203	117,000	74,000	-	74,000
	Design Of Police Dept. Secured Police & Staff Vehicular Parking	201	200,000	-	-	-
	Design/Construct New Fire Station 3	201	150,000	-	-	-
	Library Fire Alarm Upgrade	201	580,000	-	-	-
	Library Fire Alarm Upgrade	203	170,000	-	-	-
	Motor Control Center Replacement and Temporary Power for Ken Mercer Sports Park	203	3,182	-	-	-
	Motor Control Center Replacement and Temporary Power for Ken Mercer Sports Park	221	43,815	-	-	-
	OSC Fire Alarm & Notification System	201	1,056,359	-	-	-
Facilities Total			\$3,485,509	\$325,000	-	\$325,000
Miscellaneous						
	ADA Transition Plan	201	\$985,700	-	-	-
	Annual Soundwall Repair & Replacement	201	15,247	-	-	-
	Asset Management Plan	201	313,331	-	-	-
	Capital Improvement Program Reserve	201	1,220,700	-	-	-
	Climate Action Plan Implementation	201	957,399	-	-	-
	Deferred Maintenance - Asset Management Plan	201	4,083,311	\$5,541,000	-	\$5,541,000
	Downtown Beautification CIP Reserve	201	160,003	-	-	-
	Pioneer Cemetery Master Plan Implementation Reserve	222	632,655	-	-	-
	Valley Avenue Soundwall Replacement	201	2,885,053	-	-	-
	Valley Avenue Soundwall Replacement	203	225,000	-	-	-
Miscellaneous Total			\$11,478,399	\$5,541,000	-	\$5,541,000

CIP Budget Summary By Projects (Continued)

Project Category	Project Name	Funding Source	FY 2026 Modified Budget	FY 2027 Adopted Budget	FY 2027 Recommended Adjustment	FY 2027 Mid-Term Budget
Parks						
	Annual Court Resurfacing	221	\$17,478	-	-	-
	Annual Park Trail & Pathway Resurfacing	221	200,000	-	-	-
	Annual Playground Renovations	221	548,832	-	-	-
	Augustin Bernal Fuels Reduction	162	946,136	-	-	-
	City Street Median Island R&R Reserve	211	613,668	-	-	-
	Dellucchui Park Musical Plaza	203	70,461	-	-	-
	General Trail Improvements & Development Reserve	221	91,747	-	-	-
	General Trail Improvements & Development Reserve	222	412,750	-	-	-
	Lions Wayside Park Improvements	222	310,841	-	-	-
	New Community Park - Site Acquisition Reserve	222	3,501,477	-	-	-
	Nonfunctional Turf Conversion for AB1572	221	-	\$850,000	-	\$850,000
	Nonfunctional Turf Conversion for AB1572	222	150,000	100,000	-	100,000
	Park Trail & Pathway Resurfacing Program	165	-	30,000	-	30,000
	Park Trail & Pathway Resurfacing Program	201	95,000	89,000	-	89,000
	Tennis/Community Park Court Lighting	222	250,000	-	-	-
Parks Total			\$7,208,391	\$1,069,000	-	\$1,069,000
Storm Drain						
	Annual Installation of Trash Capture Devices	441	\$20,490	-	-	-
	Annual Storm Repair/ Replacement (Puri Court)	441	1,612,944	-	-	-
	Annual Storm Water Repair and Replacement	441	200,000	\$200,000	-	\$200,000
	Augustin Bernal Trail Creek Crossing Culverts and Retaining Wall	441	1,125,695	-	-	-
	East Vineyard Detention Pond Outfall Repair	441	511,261	-	-	-
	Oak Tree Farm Outfall and Channel Stabilization	441	562,897	-	-	-
	Park Pathway Restoration (Alviso Adobe & Tawny Parks)	441	150,000	-	-	-
	Sassafras Court Storm Drain Interceptor	441	549,254	-	-	-
	Storm Water System Management Plan	441	2,200,000	-	-	-
	Sycamore Creek Storm Drain Improvements	441	4,904,137	-	-	-
	Sycamore Creek Storm Improvements (Sycamore Road)	441	1,000,000	-	-	-
Storm Drain Total			\$12,836,679	\$200,000	-	\$200,000
Grand Total			\$117,835,919	\$31,427,500	(\$1,890,000)	\$29,537,500

New Capital Project (1 of 3)



Denker Area Emergency Sewer Repairs

Project Number:	27203
Department:	Public Works - Utilities & Environmental Service
Project Phase:	Design & Construction
Total Budget:	\$1,090,000
CIP Ranking Score:	Enterprise

Project Description:

This project includes replacing up to a mile of defective sewer mains near Denker Drive to reduce surcharges in the area and maintain conveyance capabilities.

Sewer



Project Justification:

The sewer mains near Denker Drive were identified to be defective due to aging infrastructure. The project will replace the sewer mains to maintain system operability and comply with regulations, while avoiding sewer leaks, system backups, and potential impacts to the environment and community.

Project Funding

Fund Description	Fund #	Current Funding	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Sewer Replacement CIP	431	-	-	\$1,090,000	-	-	-

New Capital Project (2 of 3)



Sewer

Force Main Desktop Analysis and Inspections

Project Number: 27204

Department: Public Works-
Utilities & Environmental Services

Project Phase: Design & Construction

Total Budget: \$1,150,000

CIP Ranking Score: Enterprise



Project Description:

A citywide sewer force main inspection program is required to assess the conditions and operability of the City's 4.9 miles of sewer force mains, and to identify defects and potential future improvements such as pipe replacements, pipe lining, point repairs, and capacity upgrades.

Project Justification:

The 2025 Sewer System Management Plan requires the City to inspect sewer force mains throughout the sewer system and identify necessary repairs to maintain system operability and reliability to meet regulatory requirements.

Project Funding

Fund Description	Fund #	Current Funding	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Sewer Replacement CIP	431	-	-	\$416,000	\$271,000	\$282,000	\$293,000

New Capital Project (3 of 3)



Sewer

Large Diameter Sewer Pipe Inspection Study

Project Number:	27205
Department:	Public Works - Utilities & Environmental Service
Project Phase:	Design & Construction
Total Budget:	\$163,000
CIP Ranking Score:	Enterprise



Project Description:

This project inspects large-diameter sewer pipes, often 24 inches or larger, throughout the sewer system. The condition assessment of large diameter sewer pipes requires specialized tools and technology to identify defects and potential future improvements such as pipe replacements, pipe lining, point repairs, and manhole repairs.

Project Justification:

The 2025 Sewer System Management Plan requires the City to inspect large diameter sewer mains throughout the sewer system and identify necessary repairs to maintain system operability and reliability to meet regulatory requirements.

Project Funding

Fund Description	Fund #	Current Funding	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Sewer Replacement CIP	431	-	-	\$163,000	-	-	-

Five-Year Water Utility Capital Improvement Program

Project		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	5 -Year Total
Number	Project Name						
25133	Annual Recycled Water Repair & Replacement	\$50,000	\$ -	\$ -	\$ -	\$ -	\$50,000
FY133	Annual Recycled Water System Improvements	50,000	50,000	50,000	50,000	50,000	250,000
FY183	Annual Water Distribution System Improvements	1,300,000	880,000	725,000	4,366,000	1,396,500	8,667,500
24174	City Groundwater Supply	2,981,247	-	15,740,000	11,750,000	-	30,471,247
21162	Emergency Power Improvements Utility System	266,990	-	-	-	-	266,990
29191	Foothill Pump Station Rehabilitation	-	-	275,000	1,265,000	-	1,540,000
30194	Grey Eagle Pump Station Replacement	-	-	-	-	2,240,000	2,240,000
FY190	Kilkare and Sunol Fire Flow Improvements Program	-	500,000	500,000	1,500,000	4,000,000	6,500,000
22199	Lemoine Bypass Pipeline (DS-5)	136,427	-	-	-	-	136,427
24171	Near-Term Water Improvements	2,241,039	-	-	-	-	2,241,039
23180	Recycled Water System Management Plan	300,000	-	-	-	-	300,000
29163	SCADA Communications Network Improvements	-	-	-	1,180,000	-	1,180,000
24181	Turnout #4 Pre-packaged Booster Station Procurement	1,300,000	-	-	-	-	1,300,000
26137	Water Meter and AMI System Replacement	2,020,000	8,910,000	-	-	-	10,930,000
FY162	Water System Emergency Power Improvements Program	590,000	2,740,000	-	1,600,000	1,600,000	6,530,000
22190	Water System Management Plan	255,711	-	-	-	-	255,711
29192	Water Tank 1300 Rehabilitation	-	-	350,000	2,600,000	-	2,950,000
FY193	Water Tank Inspections and Repairs Program	-	-	-	630,000	650,000	1,280,000
Total Project Expenditures		\$11,491,415	\$13,080,000	\$17,640,000	\$24,941,000	\$9,936,500	\$77,088,915

**City of Pleasanton
General Fund Ten-Year Financial Forecast
Summary Level - Baseline Scenario**

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Actual	Actual	Actual	Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Revenues													
Property Taxes	86,075,776	90,241,390	92,605,525	96,546,900	99,575,000	102,970,500	106,801,000	110,784,700	114,917,000	119,352,800	123,959,800	128,744,600	133,714,100
Sales & Use Taxes	26,183,661	23,963,541	25,286,992	25,803,500	25,814,500	26,490,800	27,296,100	28,117,700	28,941,500	29,809,700	30,704,000	31,625,100	32,573,800
Business License Tax	5,853,515	5,802,541	6,706,963	6,500,000	6,695,000	6,895,900	7,102,800	7,315,900	7,535,400	7,761,500	7,994,300	8,234,100	8,481,100
Transient Occupancy Tax	5,004,019	5,259,180	5,337,470	5,471,300	5,580,700	5,692,300	5,806,100	5,922,200	6,040,600	6,161,400	6,284,600	6,410,300	6,538,500
Other Taxes	1,351,006	1,545,656	1,478,456	1,450,000	1,462,000	1,491,200	1,521,000	1,551,400	1,582,400	1,614,000	1,646,300	1,679,200	1,712,800
Franchise Taxes	3,284,092	3,440,134	3,534,124	3,491,400	3,545,800	3,634,400	3,725,300	3,818,400	3,913,900	4,011,700	4,112,000	4,214,800	4,320,200
Permits	3,592,588	3,872,848	4,985,810	3,872,000	3,309,550	3,408,800	3,511,100	3,616,400	3,724,900	3,836,600	3,951,700	4,070,300	4,192,400
Recreation Revenues	4,197,090	4,663,652	4,954,749	4,907,198	5,223,876	5,380,600	5,542,000	5,708,300	5,879,500	6,055,900	6,237,600	6,424,700	6,617,400
Other Revenue	17,202,970	12,961,296	28,771,964	12,444,464	14,160,176	14,280,300	14,653,100	15,035,900	15,429,100	15,832,900	16,247,600	16,673,600	17,111,200
Subtotal Revenues	152,744,716	151,750,238	173,662,053	160,486,762	165,366,602	170,244,800	175,958,500	181,870,900	187,964,300	194,436,500	201,137,900	208,076,700	215,261,500
Transfers-In	4,883,453	3,751,843	1,367,145	2,887,000	3,994,000	1,391,800	1,433,600	1,476,600	1,520,900	1,566,500	1,613,500	1,661,900	1,711,800
Use of Reserves*				349,150	2,300,000								
Total Revenues	\$ 157,628,169	\$ 155,502,080	\$ 175,029,198	\$ 163,722,912	\$ 171,660,602	\$ 171,636,600	\$ 177,392,100	\$ 183,347,500	\$ 189,485,200	\$ 196,003,000	\$ 202,751,400	\$ 209,738,600	\$ 216,973,300
Expenditures													
Personnel													
Salaries & Benefits (excluding Pension)	57,906,756	62,490,945	66,897,881	65,353,341	67,486,109	70,948,376	73,275,147	75,735,356	78,281,462	80,944,753	83,660,022	86,493,081	89,408,158
Pension (includes LPFD)	20,501,373	21,139,934	22,998,077	26,425,053	28,040,198	29,189,900	30,803,200	30,674,900	30,484,800	29,288,200	29,366,600	28,624,300	28,377,600
LPFD Salaries & Benefits (Pleasanton only)	15,702,552	18,280,053	19,452,555	19,128,997	19,850,609	20,743,900	21,677,400	22,652,900	23,672,300	24,737,600	25,850,800	27,014,100	28,229,700
Subtotal Personnel Costs	94,110,681	101,910,933	109,348,513	110,907,391	115,376,915	120,882,176	125,755,747	129,063,156	132,438,562	134,970,553	138,877,422	142,131,481	146,015,458
Non-Personnel Costs													
Transportation & Training	1,693,003	1,795,505	1,625,519	1,673,859	1,796,559	1,832,500	1,869,200	1,906,600	1,944,700	1,983,600	2,023,300	2,063,800	2,105,100
Repairs & Maintenance (Includes all R&R Funds)	8,028,209	6,531,803	5,495,860	5,475,285	5,793,895	5,967,700	6,146,700	6,331,100	6,521,000	6,716,600	6,918,100	7,125,600	7,339,400
Materials, Supplies & Services	24,916,946	26,549,008	30,823,954	31,591,098	33,389,627	34,117,600	35,599,300	37,171,300	38,840,800	40,615,900	42,505,200	44,518,200	46,665,400
Capital Outlay	1,829,159	1,484,449	2,361,407	1,002,025	1,099,025	1,121,000	1,143,400	1,166,300	1,189,600	1,213,400	1,237,700	1,262,500	1,287,800
Leases & Others	482,932	1,056,866	13,717,017	365,000	365,000	372,300	379,700	387,300	395,000	402,900	411,000	419,200	427,600
Fire (Pleasanton only)	2,479,516	3,167,911	3,142,786	3,194,604	3,194,604	3,290,400	3,389,100	3,490,800	3,595,500	3,703,400	3,814,500	3,928,900	4,046,800
Subtotal Non-Personnel Costs	39,429,765	40,585,543	57,166,542	43,301,871	45,638,710	46,701,500	48,527,400	50,453,400	52,486,600	54,635,800	56,909,800	59,318,200	61,872,100
Operating Transfers	5,953,932	9,083,029	1,328,970	3,270,000	1,600,000	1,648,000	1,697,400	1,748,300	1,800,700	1,854,700	1,910,300	1,967,600	2,026,600
Capital Projects Transfers	7,905,144	2,277,255	5,871,578	1,000,000	3,250,000	3,500,000	3,750,000	4,000,000	4,250,000	4,500,000	4,750,000	5,000,000	5,250,000
Deferred Infrastructure	-	-	-	5,221,000	5,541,000	6,060,000	5,976,000	5,892,000	5,805,000	5,717,000	5,627,000	6,000,000	6,250,000
Total Expenditures	\$ 147,399,522	\$ 153,856,759	\$ 173,715,603	\$ 163,700,262	\$ 171,406,625	\$ 178,791,676	\$ 185,706,547	\$ 191,156,856	\$ 196,780,862	\$ 201,678,053	\$ 208,074,522	\$ 214,417,281	\$ 221,414,158

Annual Surplus / (Deficit)** **\$ 10,228,647** **\$ 1,645,321** **\$ 1,313,595** **\$ 22,650** **\$ 253,977** **\$ (7,155,076)** **\$ (8,314,447)** **\$ (7,809,356)** **\$ (7,295,662)** **\$ (5,675,053)** **\$ (5,323,122)** **\$ (4,678,681)** **\$ (4,440,858)**

*Use of reserves from prior years are reflected in the actuals.

**Available resources in FY 2022/23 were retained in the General Fund to meet the City's 20.0% reserve target. 16.7% is the minimum reserve recommended by the Government Finance Officers Association.

Other Notes

(1) The proposed salary and benefit updates in the Police Officer Association (POA) labor contract are not included because they have not yet been finalized; however, the forecast includes baseline annual adjustments for the POA group.

(2) The forecast does not address the \$44.00 million annual infrastructure funding gap identified in the Asset Management Plan.