


## MEMORANDUM

**Date:** August 25, 2025

**To:** Mayor and City Council

**From:** Gerry Beaudin, City Manager 

**Subject:** Fiscal Year 2025/26 – 2026/27 Budget Implementation and Impacts

### SUMMARY

The fiscal year (FY) 2025/26 - FY 2026/27 budget addresses a projected General Fund gap through targeted reductions and operational efficiencies. The adopted budget includes both service enhancements to align with City Council priorities, such as the creation of the new Community and Economic Development Department (CEDD), and cost-saving measures, including operational changes to Library and Recreation services and elimination of redundant software and internal printing services. These adjustments are already underway and will continue to be implemented over the coming months. Overall, the total budget includes a reduction of 13.5 full-time equivalent (FTE) employees and 20 temporary employees (primarily in the Library). It is important to note that this is in addition to multiple positions that were already frozen and not filled in the previous budget. This memo outlines those adjustments, including the resulting impacts to the community and organization.

### DISCUSSION

#### Internal Services:

##### *Printed Agenda Packets*

With the elimination of citywide Central Services (internal print services) and other changes in the staffing and material resources of the City Clerk's Office, modifications will be made to the City Council agenda packets that the City Council will receive.

Beginning with the September 16<sup>th</sup> City Council meeting and continuing through the end of the calendar year, December 2025, agenda packets will be delivered with the weekly Friday mail. If a council member wishes to have the packet earlier, it will be available for pick-up at 123 Main Street in the City Manager's Office beginning on the Wednesday before the meeting.

Beginning January 2026, printed agenda packets will be available by request only as the City transitions to an electronic packet.

Agenda packets for City Commissions and Committees will also be transitioning from printed to electronic format in alignment with this schedule.

#### *Mail Delivery*

Mail delivery to the City Council will be limited to Fridays only. Council members may pick up mail from their inbox at 123 Main Street from the City Manager's Office during regular business hours.

#### *Advertising of City Legislative Bodies Meeting Items*

The City will be focusing use of its limited advertising budget to only those items that are required for legal noticing in newspapers as required by statute. These items are published in the East Bay Times dba Valley Times.

#### *Reduction in Professional Service Agreements*

As part of operational streamlining efforts, the City restructured several professional service agreements to align with evolving service delivery models:

- Townsend Public Affairs (City-Specific Contract): Following Council direction, the City eliminated its \$30,000 city-specific legislative advocacy contract while maintaining participation in the Tri-Valley Cities Coalition (TVC) at \$30,000 annually. This achieves \$30,000 in annual savings from the previous \$60,000 total advocacy spending. Alternative approaches, such as maintaining only a city-specific contract, would have cost \$60,000 or more due to the loss of bundled pricing benefits and would have eliminated federal advocacy capabilities. This streamlined approach preserves legislative representation through a regional coalition representing over 500,000 residents.
- Johnson Aviation: This specialized consultant previously provided technical expertise on Federal Aviation Administration matters related to the Livermore Municipal Airport. With limited aviation-related issues directly impacting Pleasanton, this specialized service has been discontinued.
- Rincon (CAP 2.0 Support): Climate Action Plan 2.0 implementation continues with existing staff resources coordinating with the Energy and Environment Commission on focused sustainability initiatives.

#### *City Council Travel and Training Budget*

Due to a reduction of over 50 percent in the City Council travel and training budget over the next two fiscal years, councilmembers will be limited to one conference a year, based on budget.

#### *Youth in Government Day*

The City's Youth in Government Day program will be restructured to align with current staffing capacity while maintaining meaningful civic engagement opportunities for local high school students. The program will transition to a more efficient format that reduces

staff time and departmental coordination requirements. Details are being developed in collaboration with community partners.

#### Pleasanton Community Academy (PCA)

Over the last two years, the City has conducted this 6-month educational program at no cost to participants. The PCA was included as part of the project prioritization process and identified as a Category 3 - Strategic Pipeline item with fiscal and staffing constraints. The PCA remained as a Category 3 item after the conclusion of the City Council workshop. As a result, the PCA will be paused in FY 2025/2026 and 2026/2027 until such time that the program can be fully restored with both staffing and budgetary needs. The PCA has been well-received by participants and, while the classes have been full, there is no pending applicant waitlist.

#### Commissions

Civic Arts and Human Services Commissions are currently paused. A City Council Ad-Hoc Subcommittee has been formed to review the commission structure in light of reduced staffing and resources. The subcommittee will begin meeting in the coming months. The staff assigned to lead these discussions are currently working on other aspects of budget implementation.

#### Community Grants

The Community Grants program for youth and arts programs was eliminated in this budget cycle.

#### **Library and Recreation:**

##### *Library Services:*

###### Programs

- *Afterschool Program:* Now offered from 3:00–4:00 p.m. daily (reduced by one hour based on usage trends).
- *Sensory Storytime:* Temporarily paused until January.
- *Film and Book Clubs for Adults:* Paused Indefinitely.
- *City Staff-Led School Field Trips:* Paused for the current school year. Schools are still welcome to visit with their classrooms.

###### Materials

- *Check-Out Limits:* Reduced from 100 to 50 items per person due to a 50 percent cut to the collection budget, ensuring broader community access.
- *Holds Policy:* Holds are now limited to items currently checked out. Holds are no longer available for materials on library shelves, as staff resources have shifted to shelving.
- *Digital Collections:* The digital materials that were eliminated or scaled back based on cost, usage, or quality include Hoopla, Flipster Magazines, ValueLine Investments, Weiss Financials, BookBrowse, NewsBank and O'Reilly technical manuals. (Fourteen digital resources are continuing, with the most popular tools of Libby (Overdrive) and Brainfuse Homework Help being retained).

#### Hours

- *Library Hours:* Reduced from 62 to 48 hours per week. New hours were implemented on August 4, and the first week proved successful, with the community adjusting their library usage patterns to align with available service hours. Updated library hours are available at: <https://www.cityofpleasantonca.gov/news/new-pleasanton-library-hours-effective-august-4/>

#### *Recreation:*

- *Adult Sports Leagues:* No longer operated by City staff. Fields remain available for private league or game rentals.
- *Aquatics (Dolores Bengtson Aquatic Center):* Reduced weekend lap swim during non-peak weekend hours (one hour on Saturday and one hour on Sunday) and reduced recreational swim season to align with traditional summer programming season.

#### *Civic Arts:*

- *Firehouse Arts Center:* Transitioned to virtual ticketing. Patrons may display tickets digitally or print them at home.

#### *Alviso Adobe:*

- Community Garden: One less green waste pick-up for the FY.

#### *Gingerbread Preschool/Senior Center:*

- Beginning with the new school year, Jack Hettinger will step into the role of Supervisor at Gingerbread Preschool, succeeding Nicole Thomas, who has led Gingerbread since 2016. Nicole will move into a Supervisor role at the Pleasanton Senior Center.

#### *Administration:*

- Fingerprinting costs for volunteers are now paid for by the volunteer.

#### **Public Works:**

##### *Reduced Park and Trail Maintenance:*

- In accordance with the approved budget reductions, mowing contracts have been eliminated and the work will now be performed by staff. With the reduction in landscaping services, staff have been reassigned to keep up with the mowing schedule.
- The irrigation control system is being inspected and scheduled for reprogramming by September. The grass generally takes 3 to 6 months after the adjustment to show a difference in health and color. As directed by the City Council in May, staff are only partially reducing irrigation to reduce costs without causing major damage to the fields.

*Reduced janitorial services at City parks and facilities:*

- Janitorial services have been downgraded at all City facilities. Janitorial services at the Library, downtown Pleasanton, and City parks will be reduced in phases over the coming months.
- Trash pickup reduction at parks and in the downtown area is scheduled to be effective in September.

*Reduced landscaping services citywide:*

- The median mulch contract is scheduled to be eliminated.
- Park landscaping services at neighborhood parks have been reduced.
- Fall leaf pickup has been eliminated. The impact will not be observed until late October to early January.

*Capital Improvement Program (CIP) Implementation:*

The five-year capital plan has several programs either fully funded or partially funded by the General Fund: Transportation and Streets; Parks, Facilities, and Miscellaneous Facilities; and Storm Drain System, as well as two enterprise programs: Water and Sewer.

The Water CIP Program is well underway with minor modifications. Staff plans to update the Water System Management Plan (WSMP) in the FY 2025/2026 mid-cycle budget process. There is no impact to the water rate study and assumptions made regarding bond requirements. Overall, the water program is on schedule and on budget. The Sewer CIP Program is on scope and budget; however, the delivery schedule is slightly behind due to resource constraints.

To ensure delivery of the Water and Sewer CIP program and augment staff capacity, the City advertised a Request for Qualifications (RFQ) to seek a qualified Utility Program Management firm to support management of the program, with proposals due in mid-September. Staff anticipates seeking City Council approval to award the contract in November. The consultant support will be funded using salary savings from multiple staff vacancies (four associate engineers and the Utility Assistant Director).

*Repair and Replacement Program (R&R) Implementation:*

The Water and Sewer Repair and Replacement Program is well underway, including several major initiatives to meet State regulatory requirements. Overall, the program is projected to meet scope, schedule and budget. The Facility, Miscellaneous Facilities and Parks Repair and Replacement Program is also well underway and projected to meet scope, schedule and budget.

The Fleet Repair and Replacement Program is behind schedule due to recent postponement in ordering vehicles and equipment previously planned for FY 2023/24 and FY 2024/25. Postponement is necessary due to low fund balances and the need to reserve available funding for unforeseen needs.

## **Community and Economic Development Department (CEDD):**

A key element of the two-year budget is the implementation of the Community and Economic Development Department (CEDD), reflecting the City Council's priority to increase focus on economic development activities and a growing interest in exploring opportunities through land use, permitting, and process changes to facilitate new investment in Pleasanton.

### *Economic & Business Development Manager*

The department will now include an Economic and Business Development Manager (EDBM) who will initiate improvements to City processes related to business investment, land use, and permitting. This new role will serve as a critical bridge between planning and land use, building and safety, and economic development, helping to facilitate projects that attract new businesses and foster investment and development in key areas such as East Pleasanton and the Stoneridge Mall redevelopment.

Personnel changes to support the transition will be implemented through the end of the year. These include the recruitment (currently underway) of a new Planning Manager to allow the existing Planning and Permit Center Manager to assume the EDBM role. And, with the existing Economic Development (ED) Manager having announced her retirement in November 2025, an ED Specialist will be recruited this Fall to support the EDBM. While the work of the existing ED Manager will continue, and efforts such as the Innovation-Based Business (IBB) Ordinance adoption and Retail Attraction Strategy are underway, more comprehensive engagement with the ED Program will not ramp up until the first quarter of 2026.

### *Forthcoming Recommendation - Noticing & Review Process Changes*

Staff is completing an analysis of current noticing procedures and requirements and plans to present recommendations this Fall for potential adjustments to allow for faster review and approval timelines and operational efficiencies, while still aligning with statutory requirements and provision of appropriate notice to affected neighbors.

## **City Manager's Office (CMO):**

### *Elimination of Deputy City Manager Position*

The elimination of the Deputy City Manager position in the City Manager's Office achieves significant cost savings but will have citywide impacts. Removing this key executive-level position requires the City Manager and Assistant City Manager to assume all responsibility for departmental oversight. Generally, there is less capacity in the CMO to staff and support commissions and committees (including City Council subcommittees), which could lead to reduced responsiveness and frequency of updates to the City Council.

### *Assistant to the City Manager and Principal Management Analyst*

As part of the reduction in staffing in the CMO, the Assistant to the City Manager and Principal Analyst are stepping into new or expanded roles and assuming different responsibilities. There will be some ramp up time as staff adjust to these changes and put in place new systems and technology platforms to support the expanded workload.

### *Communications Team*

The elimination of one Community and Public Relations Coordinator position as part of the two-year budget reductions will impact capacity and bandwidth for existing staff on the communications team.

## **NEXT STEPS**

The changes outlined above will be implemented over the coming months, with full impact felt by the end of the current fiscal year, in most cases.

### *Organizational Assessment*

The City issued an RFQ on July 11, 2025, seeking consultant services for a comprehensive organizational assessment of City departments to enhance operational efficiencies. The assessment will evaluate departmental structure, processes, and accountability systems, with Phase 1 focusing on higher-priority departments including Development Services, Finance, Public Works, and Police. The selected consultant will conduct interviews, document reviews, and financial analysis to identify opportunities for improved efficiency, cost savings, and enhanced service delivery while ensuring alignment with City Council goals and priorities.

RFQ responses were received on August 1<sup>st</sup>. The City received a large number of high-quality proposals, demonstrating strong interest from qualified consultants. To ensure thorough evaluation of all submissions, staff has adjusted the timeline to allow for comprehensive review and selection of the best-qualified vendor. The updated timeline is as follows:

- Finalist Interviews: Currently underway
- City Council Approval: Scheduled for October 2025 meeting
- Contract Award and Project Start: Fall/Winter 2025