



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council **Item No.** _____

FROM: City Manager

SUBJECT: FY 2025-26 Mid-Year Budget Amendments

MEETING DATE: March 10, 2026

RECOMMENDATION:

It is recommended that the City Council approve the FY 2025-26 Mid-Year Budget amendments as outlined in this report.

BACKGROUND:

On February 24, 2026, staff presented the FY 2025-26 Mid-Year Budget report to the City Council. The report provided an overview of Citywide revenues and expenditures through December 31, 2025, along with an assessment of revenue and expenditure historical trends. The report also discussed recent regulatory developments that may affect the Card Club license fee revenues and highlighted areas where budget amendments are warranted, based on increased investment earnings.

At that meeting, the City Council received and filed the Mid-Year budget report and staff was directed to return with a resolution for the recommended budget amendments based on the Mid-Year review.

Budget Amendments & Additional Revenue Recognition

Staff is recommending three budget amendments and requesting City Council authorization to recognize additional revenue in the amount of \$1,415,000. The additional revenue is attributable to higher interest earnings in the City's investments. Currently, staff is projecting interest earnings to be approximately \$2.3 million, which is approximately \$1.4 million higher than the estimated amount when the budget was adopted.

The recommended budget amendments are as follows:

- Recognize \$1,415,000 in additional revenue in account 10-4000-34000 attributable to higher than anticipated interest earnings on City investments.
- Appropriate \$1,000,000 in account 10-6510-73980 to support participation in the Proposition A Local Return fund exchange program, which is intended to help address the projected operating deficit in the Transportation Fund.

- Appropriate \$215,000 in account 10-8725-54095.10081 to fund event-related operational costs associated with the City's 2026 Independence Day celebration.
- Appropriate \$200,000 in account 10-1020-52001 to fund professional services, outreach, and other eligible expenditures related to the potential placement of a local sales tax ballot measure.

FISCAL IMPACT:

The recommended budget adjustments are fully offset by additional interest earnings of \$1,415,000 and result in no net fiscal impact on the General Fund. The appropriations support one-time expenditures, including potential participation in the Proposition A Local Return fund exchange program, as well as costs related to the City's 2026 Independence Day celebration and activities associated with a potential local sales tax ballot measure.

City staff continue to closely monitor financial performance and emerging trends in order to proactively respond to changes that may impact the City's fiscal position.

ALTERNATIVES:

1. Approve staff recommendation.
2. Provide further direction to staff.
3. Provide staff with alternate or further direction.

Recommended by: Alvaro Castellon, Director of Finance
Approved as to form: Noel Tapia, City Attorney
Respectfully submitted: Ernie Hernandez, City Manager

Attachment 1: Resolution