



# **FY2026-27 Budget Preview & Five-Year Forecast**

**City Council**  
**April 28, 2026**

**Nick Pegueros**  
**Administrative Services Director & CFO**



# Today's Discussion

- |           |  |  |
|-----------|--|--|
| <b>01</b> | <b>FY2025-26 General Fund</b>                | What it funds, proactive measures, reserves, revenue risks |
| <b>02</b> | <b>FY2026-27 General Fund Budget Preview</b> | Revenue and expenditure outlook                            |
| <b>03</b> | <b>General Fund Forecast</b>                 | What could change, how we respond                          |
| <b>04</b> | <b>Five-Year Forecast Interactive</b>        | Interactive tool to identify challenges and opportunities  |



**FY2025-26**  
**General Fund Budget**



# FY2025-26 General Fund

The City's primary operating fund

**\$68.8M**

FY26 Budget

**188.76**

FTEs (287 FTEs, all Funds)

**Balanced**

Revenue = Expenditure

## Police

**72.00 FTEs**

Patrol, investigations, traffic, dispatch, special assignments

## Public Works

**23.16 FTEs**

Administration & Engineering and streets

## Fire

**40.00 FTEs**

Suppression, emergency medical services, fire prevention

## Admin. Svcs.

**15.15 FTEs**

Finance and human resources

## Comm. Svcs.

**24.95 FTEs**

Library, parks, satellite programs, senior center

## City Manager

**7.35 FTEs**

Executive leadership, City Clerk, communications

5.00 FTEs Mayor and City Councilmembers  
1.15 FTEs in Community Development  
City Attorney is a contract service



# Proactive Measures Taken



Steps already implemented to strengthen the City's financial position

## Department Consolidation

**\$350K/yr**

FY25

Merged Finance, HR, IT, Risk Management into Administrative Services. Eliminated one department head.

## Sale of CityNet

**\$1.0M/yr**

FY25

Sold to Comcast; Transition finalized Dec 2025. Eliminated exposure to General Fund backfill of CityNet's structural deficit.

## San Bruno Triple Flip

**Ongoing**

FY26

Fire Station (San Bruno Community Foundation) → Measure Q (PMP) → Measure G for General Fund operations.

## 36-Hour Workweek

**\$900K**

FY26

Offset first 10% of market-rate salary adjustments. Avoids \$900K structural increases.

**Combined savings: ~\$2.25M+**



# General Fund Reserves

As of June 30, 2025

## Budget Stabilization

**\$12.60M**

Target = 20% of operating expenditures

## Contingency

**\$10.84M**

Target = 10% of operating expenditures

## On-time Revenue

**\$ 9.35M**

No target. One-time funds deposited annually

## Unassigned fund balance\*

**\$24.74M**

Net accumulated surplus, drawn at Council discretion  
\$16M repayment from CityNet for accumulated deficits

## Combined reserves:

**\$57.53M**



# Revenue Risks



External risks that could reduce General Fund revenue

## VLF Backfill

**\$3.0M**

Partial reduction

*Incorporated in the Draft FY2026-27 budget*

## TRSA Repayment

**\$43-83M**

\$43M + \$8M/yr collected

*Possible · One-time*

## VLF Backfill II

**\$4.0M**

Remaining balance of VLF at risk

*Possible · FY28+*

## Excess ERAF

**\$2.0M**

Negative change in County's calculation

*Possible · FY28+*

## TRSA

**\$8.0M**

\$4M transferred to reserves

*Possible · FY28+*

## Cardroom

**\$3.4M**

SB 549 litigation

*Possible · FY28+*

*Maximum ongoing: (\$20.4M/yr) + one-time repayment up to (\$83M)*



**FY2026-27**  
**General Fund Budget Preview**

# Budget Principles

Guiding principles for the City Manager's recommended budget — promoting sound financial management, strategic alignment with City Council priorities, and long-term stability. Unchanged from previous years.

**01** Actively pursue revenue enhancements and strive to achieve full cost recovery for all fee-based services, except where the City Council establishes a public interest in providing a subsidy.

**02** Enhance and maintain core City services and infrastructure by prioritizing City Council adopted initiatives and strategies that contribute to the quality of life in San Bruno.

**03** Promote the City's long-term financial sustainability through monitoring and reporting on changes in unfunded liabilities and including those changes in the City's long-term forecast.

**04** Evaluate one-time revenues for highest impact and best investment.

**05** Improve productivity through continual review of City services, identifying new programs/initiatives and enhancing, reducing, or eliminating existing programs.

**06** Proactively manage the loss of institutional knowledge through succession planning efforts including the ability to provide for overlap in critical positions, at the discretion of the City Manager.

**07** Manage staff capacity to efficiently deliver services to the community through investment in new technologies that drive efficiency and productivity.

**08** Incorporate a budget assumption for employee vacancies and resulting salary savings into the forecast.

**09** Develop programs and initiatives that strengthen San Bruno's standing as an employer of choice to retain and attract highly qualified personnel.

**10** Clearly define the cost and timing of all cash outlays associated with major projects, to allow investment of idle cash, while maintaining liquidity.

**11** Communicate the City's financial position by continuing to refine the budget document and provide comparison to actual results, while enhancing the public's access to financial information.

**12** Increase reserve funds, on an annual basis, as funds are available.



# FY2026-27 Budget Preview

General Fund — Draft Budget (VLF loss baked in)

↑  
**\$74.7M**  
Revenue

↑  
**\$76.4M**  
Expenditures

⚖️  
**(\$1.7M)**  
Deficit

## Key Drivers

- (\$3M) VLF backfill loss — Drives budget deficit
- Revenue growth: Property Tax +4.5%, Sales Tax +1% — Offset by declining intergovernmental revenue
- Salaries and benefits: \$50.0M (65%) — labor agreements adjustments; includes unfunded actuarial liability (UAL) of ~\$9.3M
- 8.0 FTE vacancies — potential service level reductions to balance the budget (not included in numbers above)

# FY2026-27 Revenue by Category

General Fund — \$74.7M Total

<b>Sales Tax &amp; TRSA</b>	<b>\$19.4M</b>	26.0%	General sales tax, TRSA participation, public safety augment
<b>Property Tax</b>	<b>\$14.9M</b>	19.9%	Secured, unsecured, RPTTF, supplemental, homeowner relief
<b>Charges for Services</b>	<b>\$10.4M</b>	13.9%	Internal service charges, permits, recreation, fire fees
<b>Business Tax</b>	<b>\$7.1M</b>	9.5%	Business license fees, cardroom revenue
<b>Intergovernmental</b>	<b>\$4.4M</b>	5.9%	Vehicle license fee in-lieu (\$3M backfill loss baked in)
<b>Investment &amp; Rental</b>	<b>\$4.1M</b>	5.5%	Interest earnings, building & property rentals
<b>TOT</b>	<b>\$3.6M</b>	4.8%	Transient occupancy (hotel-motel) tax
<b>Transfers In</b>	<b>\$3.3M</b>	4.4%	Interfund transfers from other City funds
<b>Other Taxes</b>	<b>\$3.0M</b>	4.0%	Franchise fees, property transfer tax, cannabis tax
<b>Excess ERAF</b>	<b>\$2.2M</b>	2.9%	Excess Educational Revenue Augmentation Fund
<b>Other Revenue</b>	<b>\$2.3M</b>	3.1%	Fines, reimbursements, other miscellaneous

City of San Bruno | FY2026-27 Budget Preview & Forecast

Taxes = 63% of General Fund revenue — Sales Tax includes TRSA (at risk); Intergovernmental reflects \$3M VLF backfill loss

# FY2026-27 Expenditures by Department

General Fund — \$76.4M Total

Police	\$23.1M	30.3%	Patrol, investigations, traffic, dispatch, special assignments
Non-Departmental	\$16.5M	21.6%	UAL pension (\$9.3M), transfers out (\$6.4M), other
Fire	\$15.0M	19.7%	Suppression, emergency medical services, fire prevention
Community Services	\$8.6M	11.3%	Library, parks, satellite programs, senior center
Public Works	\$5.4M	7.1%	Administration, engineering, and streets
Admin Services	\$3.9M	5.1%	Finance, human resources, information technology
City Manager & Attorney	\$2.6M	3.4%	CM office, legal services
City Clerk	\$580K	0.8%	Clerk operations
City Council	\$372K	0.5%	Council operations
Comm Development	\$283K	0.4%	CD administration

City of San Bruno | FY2026-27 Budget Preview & Forecast

*Public Safety (Police + Fire) = \$38.1M = 49.9% of General Fund expenditures*



# **General Fund Forecast**

*The forecast is a planning tool, not a prediction.*



# Revenue Risks



External risks that could reduce General Fund revenue

## VLF Backfill

**\$3.0M**

Partial reduction

*Incorporated in the Draft FY2026-27 budget*

## TRSA Repayment

**\$43-83M**

\$43M + \$8M/yr collected

*Possible · One-time*

## VLF Backfill II

**\$4.0M**

Remaining balance of VLF at risk

*Possible · FY28+*

## Excess ERAF

**\$2.0M**

Negative change in County's calculation

*Possible · FY28+*

## TRSA

**\$8.0M**

\$4M transferred to reserves

*Possible · FY28+*

## Cardroom

**\$3.4M**

SB 549 litigation

*Possible · FY28+*

*Maximum ongoing: (\$20.4M/yr) + one-time repayment up to (\$83M)*



# The Structural Gap



Even without additional revenue losses, expenditures outpace revenue

Revenue Growth

**2.9%\***

~\$1.7M per year

Expenditure Growth

**4.0%\***

~\$3.3M per year

## Baseline Projection (with \$3M VLF Backfill loss)

	FY27	FY28	FY29	FY30	FY31	FY32
Revenue	\$74.7M	\$80.3M	\$82.2M	\$83.7M	\$85.4M	\$87.1M
Expenditures	\$76.4M	\$81.3M	\$85.2M	\$88.0M	\$90.9M	\$93.8M
Surplus/ (Deficit)	(\$1.7M)	(\$1.0M)	(\$3.0M)	(\$4.3M)	(\$5.5M)	(\$6.7M)

*\*Compound Annual Growth Rate (CAGR)*

*By FY32: (\$6.7M) annual deficit before any additional revenue risk reductions*



# Forecast Scenarios

Three scenarios based on timing and severity of revenue risks

## Best

**(\$10M)**

- No loss of at-risk revenues
- \$3.5M revenue measure '28
- No service reductions

## Middle

**(\$28M)**

- \$3M VLF backfill loss FY27
- \$3.5M revenue measure '28
- No service reductions

## Worst

**(\$84M)**

- All at-risk revenue lost FY27
- \$3.5M revenue measure '28
- No service level reductions

**Reserves as of June 30, 2025: ~\$57.5M**



# Revenue Opportunities



Voter-approved measures to close the structural gap

## \$7M Revenue Measure

Parcel tax. Grows to ~\$8.2M by FY2031-32 if passed 2026.

**\$7.0M/yr**

Growth: 4.0%/yr

## \$3.5M Revenue Measure

Additional sales tax, similar to Measure G.

**\$3.5M/yr**

Growth: 2.0%/yr

## \$1M Revenue Measure

Transfer tax, hotel/motel tax increase, utility users' tax, etc.

**\$1.0M/yr**

Growth: 2.0%/yr

Elections: 2026, 2028, 2030, with tax revenue beginning the subsequent fiscal year.

*Ad Hoc Subcommittee (Hamilton/Salazar) exploring Nov 2026 ballot.*



# Balancing the Budget

Three tools, used in combination



## New Revenue

Voter-approved measures  
\$11.5M potential



## Service Reductions

Reductions compound  
(Earlier = greater impact)  
1%  $\approx$  1.8 FTEs



## Reserves

Kicks-the-can  
~\$57.5M available



# Interactive Forecast Dashboard

Live Demo



# Middle Scenario

CITY OF SAN BRUNO

## General Fund Forecast – What If?

? How to Use

REVENUE RISKS 1 of 6 active

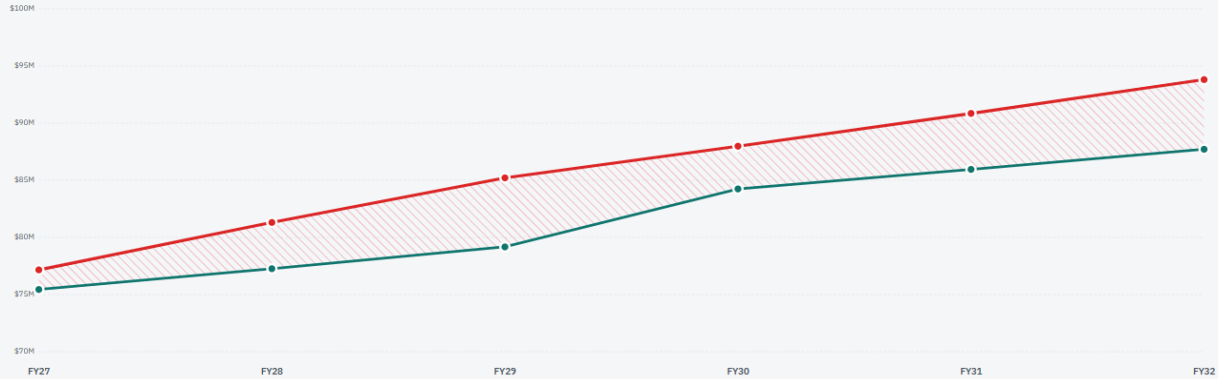
REVENUE OPPORTUNITIES 1 of 3 active

VLF Backfill FY27

\$3.5M Revenue Measure 2028

### REVENUE VS EXPENDITURE PROJECTION

Expenditures Revenue



### ANNUAL BALANCING – CUTS REDUCE EXPENDITURES, COMPOUND FORWARD

	FY27	FY28	FY29	FY30	FY31	FY32
Beginning Surplus/(Deficit)	(\$1.7M)	(\$4.0M)	(\$6.0M)	(\$3.7M)	(\$4.9M)	(\$6.1M)
Service cuts	- 0% +	- 0% +	- 0% +	- 0% +	- 0% +	- 0% +
Cumul. service reduction	—	—	—	—	—	—
Adj. Surplus/(Deficit)	(\$1.7M)	(\$4.0M)	(\$6.0M)	(\$3.7M)	(\$4.9M)	(\$6.1M)
Use reserves	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	locked
Ending Surplus/(Deficit)	(\$1.7M)	(\$4.0M)	(\$6.0M)	(\$3.7M)	(\$4.9M)	(\$6.1M)



# Recommendation

## **Receive the FY2026-27 Budget Preview and Forecast**

And provide direction to staff



# Questions



# City Hall Hours Are Changing

## Starting May 4:

- Monday - Thursday: **7:30 AM - 5:00 PM**
- Friday - Sunday: **Closed**

**For emergencies, call 911.**

### Online Services:

- Get permits at [SanBruno.ca.gov/Permit](http://SanBruno.ca.gov/Permit).
- Pay bills and tickets at [SanBruno.ca.gov/PaymentCenter](http://SanBruno.ca.gov/PaymentCenter).



Declare the Month of *May 2026* as  
Asian American  
Native Hawaiian  
Pacific Islander &  
Heritage Month





Declare the Month of May 2026 as

# **JEWISH AMERICAN HERITAGE MONTH**

---





---

# Mental Health Awareness Month

---

[smchealth.org/MHM](http://smchealth.org/MHM)

*May 2026*

**WILDFIRE  
AWARENESS  
MONTH**





# Agenda

- SamTrans Snapshot
- Key Issue
- Connect Bay Area Measure
- Transportation Funding in San Mateo County
- SamTrans Financial Outlook
- Local Investment Plan
- Take the Survey and Spread the Word

# SamTrans Snapshot

- **Established in 1976 – Celebrating 50 Years!**

- San Mateo County, parts of San Francisco, City of Palo Alto
- 315 buses serving 76 bus routes, 10 million annual boardings
- Other services: Redi-Wheels and RediCoast paratransit, Ride Plus on-demand rideshare (two zones), shuttles
- School-oriented bus service

- **Rider Profile**

- 94% low income (68% extremely low income) based on SMC affordable housing metrics
- Lowest household income among major Bay Area transit agencies
- 40% speak a language other than English at home
- Nearly 80% do not drive/own a car
- 98.8% of pre-pandemic ridership

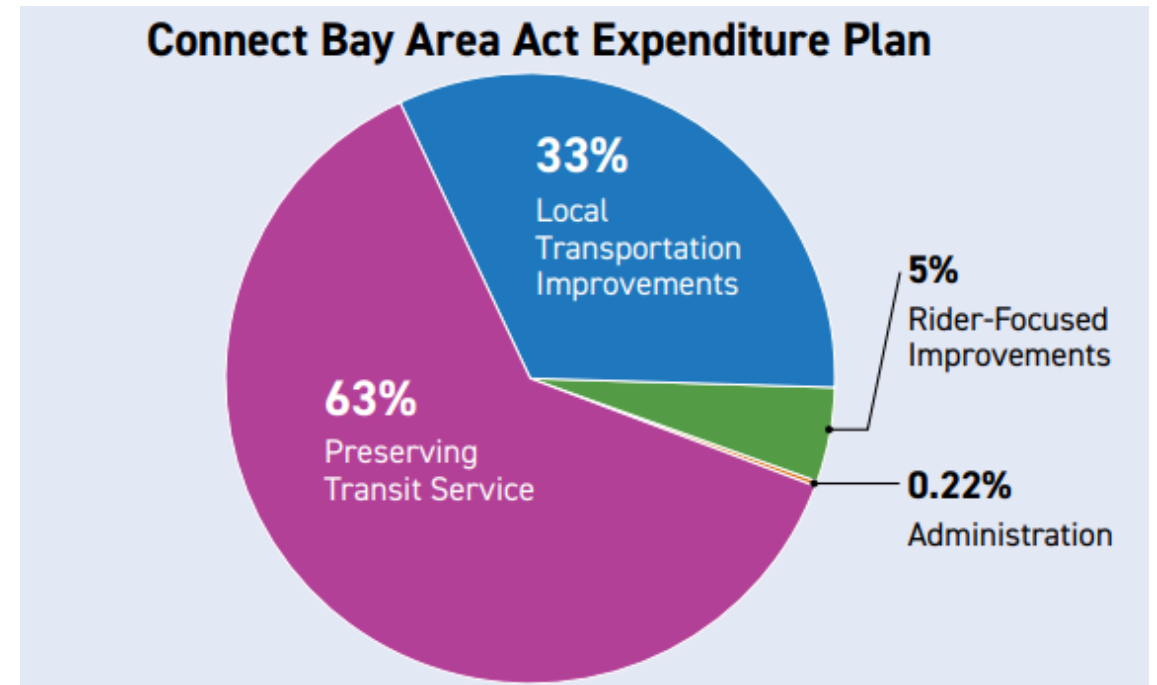


# Key Issue

- Caltrain, BART, SFMTA, and AC Transit are facing deficits as post-pandemic fare revenue lags and operating costs rise
- Despite ridership gains and cost efficiency measures, expenses are outpacing revenues
- Federal and state support has declined
- Need for a stable, predictable source of funds to keep these agencies going

# Connect Bay Area Measure

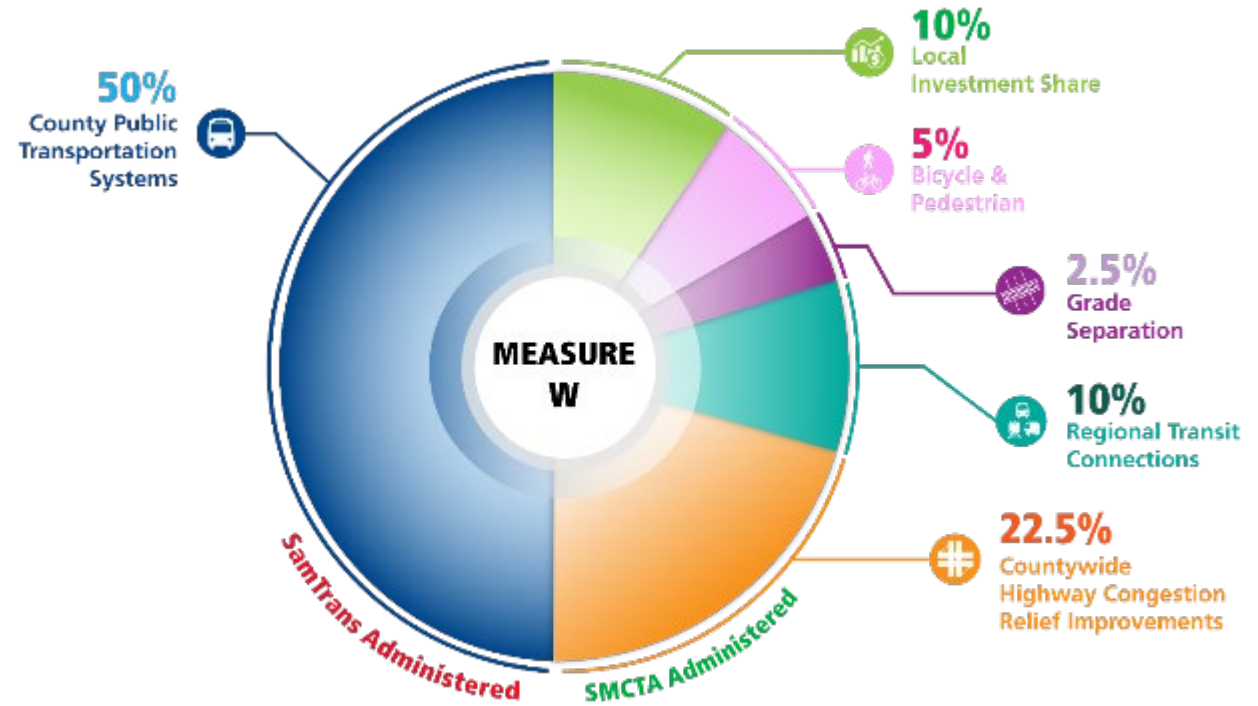
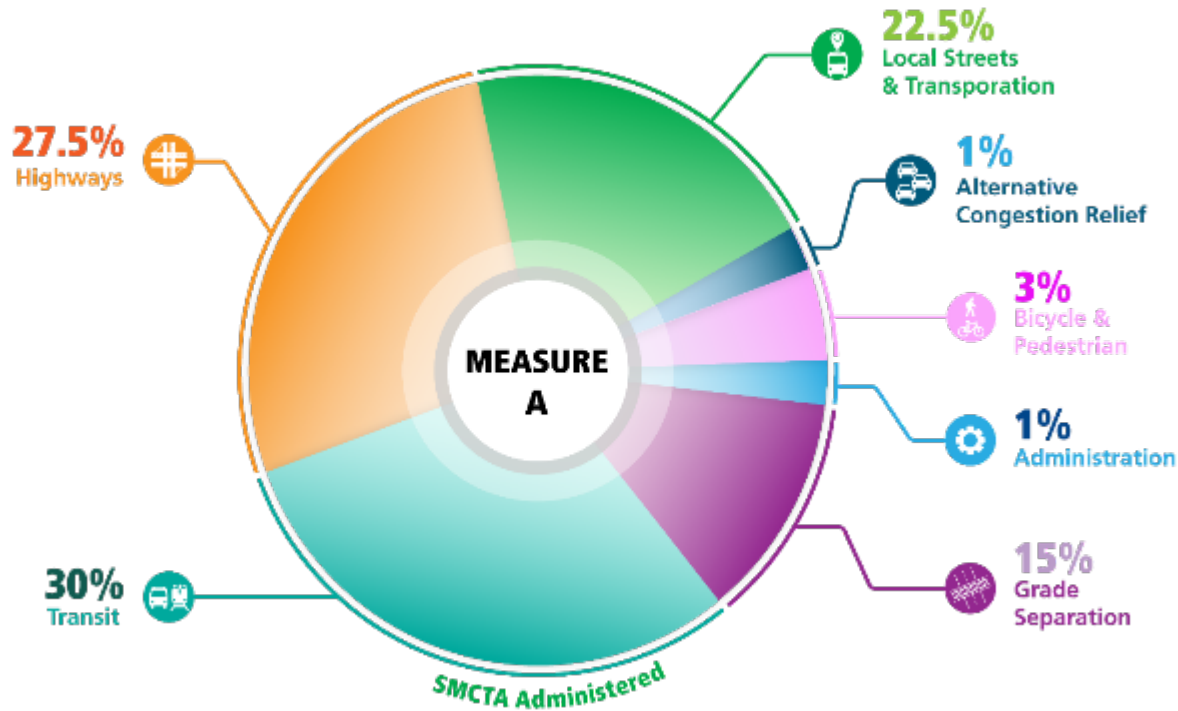
- 14-year, 1/2 cent sales tax in 4 counties (San Mateo, Santa Clara, Alameda, Contra Costa), full cent in San Francisco
- Would generate approx. \$980 million annually
- Includes accountability and oversight provisions
- 24% of SMC sales tax to Caltrain, 27% to BART, 7% to Muni, 37% SamTrans Local Investment Plan



# Connect Bay Area Measure – San Mateo County

- Approximately \$50M annually for 14 years for public transit in San Mateo County; Total = \$700M
- Funds may be used for:
  - Public transit operations and capital
  - Public transit components of larger capital projects
  - Targeted pavement repairs on local roads served by fixed-route transit

# Transportation Funding in SMC

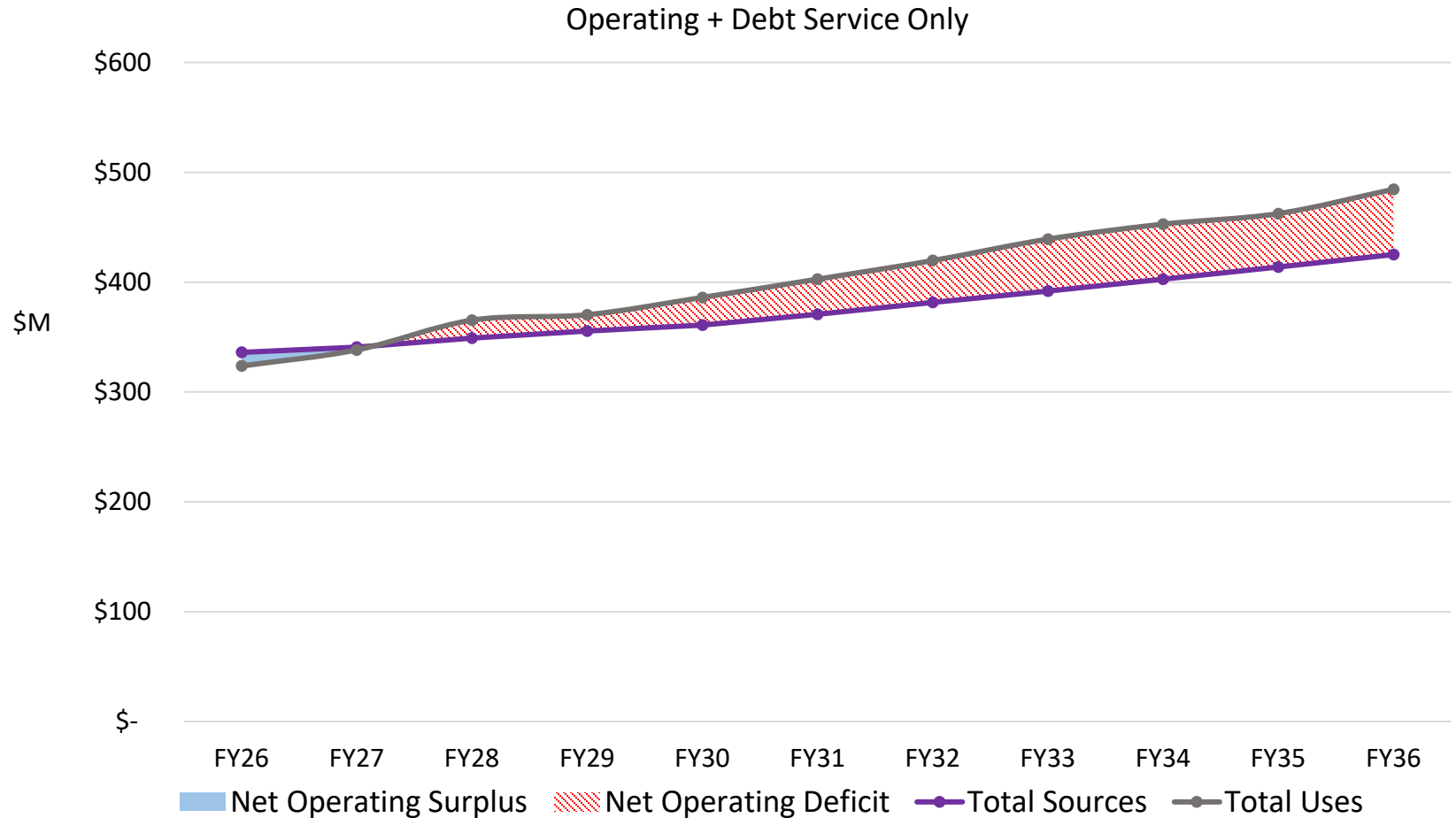


**Measure A** generates approximately **\$120 million** annually. **Measure W** generates approximately **\$60 million** annually for SamTrans local transit and **\$60 million** annually for SMCTA to allocate for broader transportation improvements and operations throughout the county.

# SamTrans Financial Outlook

FY26-FY36 Operating Outlook (assumes zero new tax revenue)

- **Operating deficit projected to begin in FY28**
- Average annual deficit over next 10 years of nearly \$30M
- Increased labor, energy, and contracted services costs
- Cost saving measures
  - No new positions approved, reducing consultant use
  - Cuts across all discretionary spending



# Local Investment Plan: Your Input Matters!

- SamTrans' Local Investment Plan will be informed by:
  - San Mateo County Transit District Strategic Plan and Capital Improvement Plan (CIP)
  - SamTrans Board of Directors
  - Stakeholder and Agency Advisory Group meetings
  - City Council presentations
  - Public outreach
- Goal is to have a Board-adopted plan in June 2026



# Local Investment Plan Categories



Improve transit routes to reduce traffic on the most heavily traveled corridors



Continue free and reduced fare programs for seniors, students, and people with disabilities



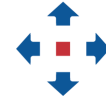
Protect transit infrastructure against sea-level rise, flooding, and extreme weather



Increase safety, cleanliness, and accessibility at bus stops



Enhance bus service to be more efficient, faster, and more reliable



Expand access to transit for communities that are currently underserved



Make repairs and upgrades to aging paratransit vehicles to ensure reliable service



Reduce greenhouse gas emissions and improve air quality by transitioning to zero-emission buses



Repair potholes and fix streets along bus routes



Offer affordable ride-share and on-demand programs to more communities

# Local Investment Plan

	Feb	Mar	Apr	May	Jun
<b>Stakeholder and Agency Advisory Group Meetings:</b> February – April, May (if needed)					
<b>Public Communications Effort:</b> March – May					
<b>City Council and other presentations:</b> March – May					
<b>Board Information Item:</b> May 6					
<b>Board Action Item:</b> June 3					

**Approximately 10 weeks for public engagement**

# Take the Survey and Spread the Word!

Visit

<https://www.samtrans.com/projects/LocalFundingPlan>

- Multilingual **online survey** + printable mail-return version
- Multilingual **fact sheets**
- **Social media** toolkit
- Translations in Spanish, Simplified Chinese, Tagalog
- Additional support and language assistance available at 1-800-660-4287

The collage features three main components:

- Top Flyer:** Titled "Help Shape the Future of Local Transit Funding in San Mateo County". It includes the text "Your Transit, Your Voice" and a QR code for the survey. It also features the samTrans logo and social media handles.
- Bottom Left Fact Sheet:** Titled "Protecting Reliable Regional Transit Services" and "Local Funding for Local Transit Services". It discusses the Bay Area's regional transit system and the need for local funding to maintain and improve services.
- Bottom Right Survey Form:** Titled "Take Our Survey". It contains a list of 10 transit-related issues for voters to rank by priority, such as "Improve transit routes to reduce traffic" and "Reduce greenhouse gas emissions". It also includes a section for "Community Survey Enclosed" and a "Share Your Priorities for SamTrans" box.

# Questions / Comments?

**Contact us!**

[LocalFundingPlan@SamTrans.com](mailto:LocalFundingPlan@SamTrans.com)






In Memory of

---

**Thomas "Tom" E. Ricci**  
San Bruno Councilmember  
(1978-1987)





In Memory of

---

Nancy Magee

