

RESOLUTION 2026-###

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO APPROVING AMENDMENT NO. 5 TO THE FISCAL RESILIENCY RESERVE POLICY, EFFECTIVE JANUARY 20, 2026

WHEREAS, on October 21, 2013, in order to protect the fiscal solvency of the City and to achieve greater fiscal resiliency, the City Council took the important step of establishing the *Fiscal Resiliency Reserve Policy* (via Resolution 2013-159), and established several new reserves and funded each at the recommended levels;

WHEREAS, on June 20, 2016, the Fiscal Resiliency Reserve Policy (FRRP) was first amended by the City Council (via Resolution 2016-218) which formally established the *Casino Revenue Sustainability Reserve* (Fund: 180). The purpose of the reserve is to mitigate against the potential impact that a sudden shutdown or loss of casino revenue would have on the City's ability to maintain current operations and service levels. All deposits and withdrawals from the fund are discretionary by the City Council, and not formulaic as other FRRP reserves noted below:

| CITY OF SAN PABLO FISCAL RESILIENCY RESERVE POLICY (FRRP) | |
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| (Adopted 10/21/2013 via Resolution 2013-159; Amended 06/20/2016 via Resolution 2016-218) | |
| Catastrophic Reserve (Fund: 150) Budget Stabilization Reserve (Fund: 170) City Manager Contingency Account (Fund: 190)* | 50% of total Adopted GF Operating Funds 5% of total Adopted GF Operating Funds 1% of total Adopted GF Operating Funds |
| General Fund Designated Reserves (Fund: 100)** Future Capital Projects Reserve* | Allocated on an annual basis Allocated on an annual basis |
| Casino Revenue Sustainability Reserve* (Fund: 180) | Allocated on an annual basis; Up to max. 50% of Unused Audited Fund Balance on discretionary basis. |
| <p><u>Notes:</u></p> <p>* One-time funds for allocation by the City Council for specific operational programs and projects.</p> <p>**One-time funds for allocation by the City Manager for specific operational programs and projects.</p> | |

WHEREAS, on July 1, 2024, a second amendment was proposed by the City Manager to amend the FRRP due to the City's new financial condition as reported with presentation of the City's 10-year Long-Range Financial Forecast on December 13, 2023. Additionally, the City Council adopted a total of eight (8) new Strategic Budget Initiatives to assist the City Manager with elimination of forecasted deficits (-\$8.7M) for the FY 2025 – 2027 period per Resolution 2023-167;

WHEREAS, the City Council of the City of San Pablo adopted Resolution 2024-156, on April 15, 2024. The action established new Internal Service Funds (ISFs)

(Funds: 130, 140 and 190) for specific related expenses which would have the impact of further demonstrating the City's continued commitment to prudent financial management, and protecting the City's financial future. The action assigned a one-time allocation from the City's Unassigned Fund Balance based on a percentage of GF Operating Funds for the FY 2024-25 period only, effective July 1, 2024. Future one-time appropriation from these three (3) new Internal Service Funds (excluding the City Manager's Contingency Fund No.190) shall be utilized to cover expenses within the City's operating budget for planned repair and replacement of capital assets. Funds may also be used for unplanned expenses if all other methods of funding have been exhausted. Use of the funds shall follow the City's established spending authority limits as approved in the City's Purchasing Policy:

| CITY OF SAN PABLO FISCAL RESILIENCY RESERVE POLICY FRAMEWORK (PROPOSED AMENDMENT FOR FY 2024-2025 ONLY) <u>Effective:</u> July 1, 2024 | |
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| CATASTROPHIC RESERVE (FUND 150) | 50% of GF Operating Funds |
| BUDGET STABILIZATION RESERVE (FUND 170) | 5% of GF Operating Funds |
| <u>NEW INTERNAL RESERVE FUNDS:</u> <i>Allocated as a percentage of the adopted GF Operating Budget (via ONE-TIME ALLOCATION for FY 2024-25)</i> <ul style="list-style-type: none"> a). <i>Building & Facilities Maintenance Reserve (Fund 130)</i> b). <i>Asset & Vehicle Replacement Reserve (Fund 140)</i> c). <i>City Manager Operating Reserve (Fund 190)</i> <p style="text-align: right;">Total:</p> <p style="text-align: right;"><i>= 61% of Adopted GF Operating Funds</i></p> <p>NOTE: ALL FUTURE YEAR-END AUDITED FUND BALANCE WILL BE ALLOCATED BY CITY MANAGER TO NEW INTERNAL SERVICE FUNDS (i.e., Fund 130, 140 & 190) AS NOTED ABOVE.</p> <p>(*Note: Removed as an annual, recurring GF Budget Annual Operating Expense)</p> | <i>3% of GF Operating Funds</i> <i>2% of GF Operating Funds</i> <i>1% of GF Operating Funds</i> <hr/> <i>= 61% of Adopted GF Operating Funds</i> |
| CASINO REVENUE SHORTFALL RESERVE (FUND 180): | NO CHANGES; DISCRETIONARY ACTION |

WHEREAS, on March 3, 2025, via Resolution 2025-032 the City established three (3) NEW Reserve Funds (103, 104, 105) and maintaining two (2) ISF Funds (130 & 140). All current and future allocations of the reserve funds would be from Year-end Audited Fund Balance following completion of ACFR for the preceding fiscal year periods to be allocated by City Manager recommendation, with Budget, Fiscal & Legislative Standing Committee review and City Council approval by Resolution. The new and current reserve funds were presented, as follows:

CITY OF SAN PABLO FISCAL RESILIENCY RESERVE POLICY FRAMEWORK
(PROPOSED AMENDMENT FOR FY 2024-2025)
Effective: March 3, 2025

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| <p><u>CURRENT RESERVE FUNDS:</u></p> <ul style="list-style-type: none"> a) Catastrophic Reserve (Fund: 150) b) Budget Stabilization Reserve (Fund 170). c) City Manager's Contingency Reserve (Fund 190) d) Building, Facilities, & Parks Maintenance (Fund 130) e) Asset and Vehicle Replacement Reserve (Fund 140) <p><u>NEW RESERVE FUNDS:</u></p> <ul style="list-style-type: none"> f) Sales Tax Revenue Sustainability Reserve (Fund: 103) g) General Liability Sustainability Reserve (Fund: 104) h) Pension (CalPERS) Liability Sustainability Reserve (Fund: 105) <p><u>REVISED RESERVE FUNDS:</u></p> <ul style="list-style-type: none"> i) General Fund Designated Reserve (Fund 110) j) Casino Revenue Sustainability Reserve (Fund 180) | <ul style="list-style-type: none"> -50% of Annual Total Operating Funds Budget -5 % of Annual Total Operating Funds Budget -1 % of Annual Total Operating Funds Budget -3% of Annual Total Operating Funds Budget -2% of Annual Total Operating Funds Budget <ul style="list-style-type: none"> -up to a maximum of 10% of Unassigned Audited Fund Balance -up to a maximum of 5% of Unassigned Audited Fund Balance -up to a maximum of 5% of Unassigned Audited Fund Balance <ul style="list-style-type: none"> -up to a maximum of 10% of Unassigned Audited Fund Balance -discretionary - Unassigned Audited Fund Balance |
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NOTE: ALL YEAR-END AUDITED FUND BALANCE WILL BE ALLOCATED BY CITY MANAGER TO FRRP FUNDS NOTED ABOVE.

WHEREAS, on July 7, 2025 via resolution 2025-094 the City established a revised Amendment No. 4 to require Fund 140 Assets & Vehicle Replacement Reserve allocation requests to be approved by the Public Safety Standing Committee to recommend City Council to review and approve. All other FRRP reserve funds will continue to require Budget, Finance, and Legislative Standing Committee (BFLSC) recommendations for City Council to approve funding allocation requests.

WHEREAS, approval of the revised Fiscal Resilience Reserve Policy (FRRP) Amendment No. 5 will be allocated from the Annual Comprehensive Financial Report (ACFR) Fund Balance. All FRRP reserve funds will continue to require Budget, Finance, and Legislative Standing Committee (BFLSC) recommendations or Public Safety Standing Committee (PSSC) for Fund 140 recommendations for City Council to approve

funding allocation requests. These revisions will be formally established effective January 20, 2026, and ongoing thereafter for future fiscal years.

WHEREAS, on June 14, 2026, the Budget, Fiscal & Legislative Standing Committee (Pabon-Alvarado; Ponce) reviewed Amendment No. 5 to the Fiscal Resiliency Reserve Policy (FRRP) and recommended that it be formally considered and approved by the City Council on January 20, 2026.

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of San Pablo hereby approves amendment No. 5 to the Fiscal Resiliency Reserve Policy (FRRP). The FRRP, as amended by this Resolution, is shown on the attached Exhibit A. In addition:

1. This proposed action does not involve the expenditure of funds.
2. The action creates new allocations detailed above for specific related expenses which would have the impact of further demonstrating the City's continued commitment to prudent financial management, and protecting the City's financial future.
3. There is no associated fiscal impact for FY 2025-26 as the reserve funds will be formally established effective January 20, 2026.
4. This proposed action is a one-time allocation from the City's Fund Balance from General Fund Operating Funds for the FY 2025-26 period, effective January 20, 2026 and ongoing thereafter for future fiscal years.
5. Use of the funds shall follow the City's established spending authority limits as approved in the City's Purchasing Policy.

BE IT FURTHER RESOLVED that the foregoing recitations are true and correct and are included herein by reference as findings.

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ADOPTED this 20th day of January, 2026, by the following votes:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

ATTEST:

APPROVED:

Dorothy Gantt, City Clerk

Elizabeth Pabon-Alvarado, Mayor