



CITY HALL • 250 EAST L STREET • BENICIA, CA 94510 • (707) 746-4200 • FAX (707) 747-8120

September 16, 2025

Sent via email (cdclower@solano.courts.ca.gov)

Honorable Judge Alesia F. Jones
Presiding Judge of the Superior Court
Solano County Superior Court
600 Union Avenue
Fairfield, CA 94533

Re: City of Benicia response to 2024-2025 Solano County Civil Grand Jury report – “Benicia Budget Deficit”

Honorable Judge Jones,

This letter shall serve as the City of Benicia’s response as approved by the Benicia City Council on September 16, 2025, in accordance with Penal Code section 933(c), to the Solano County Civil Grand Jury report titled “Benicia Budget Deficit”.

Response to Findings and Recommendations

FINDING 1

Benicia’s real-estate-based revenue projection model has not held true over time and has resulted in expenses exceeding revenue for many years.

RESPONSE TO FINDING 1

The respondent partially disagrees with the finding. The revenue projection models used in the City of Benicia are not real-estate based projection models. Revenue projection models have included all revenue sources and included considerations for increased revenue in sales tax, transient occupancy tax, utility user tax, charges for services and other miscellaneous taxes and fees. The City of Benicia has a biennial budget adoption process that considers available resources with projected expenditures and there are some years when expense reductions have been made to align revenue and expenses. In other years, use of one-time funds such as undesignated fund balance, reserves, and federal grants were used to balance the budget.

STEVE YOUNG, Mayor
Members of the City Council
KARI BIRDSEYE · LIONEL LARGAESPADA · TERRY SCOTT · TREVOR
MACENSKI, Vice Mayor

MARIO GIULIANI, City Manager
LISA WOLFE, City Clerk
KENNETH C. PAULK, City Treasurer

RECOMMENDATION 1

The Benicia City Council prioritize and mandate the creation of specific plans for construction of mixed-use buildings on undeveloped land beginning in the next fiscal year. An expected requirement to include affordable homes in any new development could reduce the maximum possible revenue, but it still would increase the tax base.

RESPONSE TO RECOMMENDATION 1

The recommendation has been implemented. The City Council does not have the authority to mandate construction on private property and most vacant developable land in the City limits is privately owned. With the certified Housing Element, which was adopted on February 28, 2024 by resolution number 24-14, the City has taken the following actions:

- Updated the City's Inclusionary Housing Ordinance to improve development feasibility while assuring the production of affordable units (Benicia Municipal Code Chapter 17.70 GENERAL REGULATIONS);
- Rezoned land for mixed-use development, including the Eastern Gateway Area and several shopping centers;
- Initiated an Infrastructure Master Plan for the Eastern Gateway Area, which will address key constraints on development;
- Issued a request for proposals and Notice of Availability for three city-owned sites, which are currently in progress.

These efforts reflect the City of Benicia's progress and priorities for the supply of housing within the framework of the General Plan's overarching goal: sustainability. The General Plan prioritizes efficient land use and the integration of environmental, social, and economic needs to ensure that the demands of the present will not compromise the ability of future generations to meet their own needs.

FINDING 2

Benicia needs to increase revenue from sources other than sales tax. Benicia's sales tax is already the highest of any city in Solano County and thus is an unlikely source for additional income.

RESPONSE TO FINDING 2

The respondent agrees with the finding.

RECOMMENDATION 2

Benicia City Council explore and implement, during the next fiscal year, other means to increase revenue, such as:

- a) Increase marketing of Benicia as a tourism destination by adding more festivals, faires and other events.
- b) Pursue methods to attract big box stores or other sales tax revenue generating companies to the City.
- c) Consider installing metered parking as a revenue source.

RESPONSE TO RECOMMENDATION 2

The recommendation has been implemented. 2(a) Benicia Mainstreet sponsored a renewed Waterfront Festival with the Waterfront Rocks festival and first annual Waterfront Sailboat Race on July 26 and July 27, 2025. Porchfest Benicia is scheduled for September 13, 2025.

2(b) The City Council recently updated commercial regulations to eliminate restrictions on large-format retail uses and to expand the range of permitted commercial use types. The Development Services Department continually reviews public information, requirements and processes for zoning, historic preservation, building permits and development engineering to facilitate development.

The recommendation will not be implemented because it is not warranted or is not reasonable. 2(c) Metered parking has been studied for the downtown area of the City of Benicia and report findings indicate the revenue generated from metered parking would not offset the additional costs of installing and enforcing metered parking and would not have a significant positive effect on sales tax generating businesses.

FINDING 3

Benicia already has reduced some services and staffing levels but this has not solved the problem.

RESPONSE TO FINDING 3

The respondent agrees with the finding.

RECOMMENDATION 3

Benicia City Council direct City departments to take measures within the next fiscal year to reduce expenditures as follows:

- a) City financial administration perform a cost/benefit analysis on services to recommend to City Council could be reduced or eliminated (e.g., parks and recreational services, library hours, or extending public works maintenance schedules).
- b) City administrators review staffing models to find areas to cut or to outsource.
- c) City Council direct appropriate agencies to reduce expenses by deferring and/or reducing raises and consider other means of compensation.

RESPONSE TO RECOMMENDATION 3

The recommendation has been implemented. 3(a) On June 3, 2025 City Council approved an amendment to an agreement with Tyler Technologies to implement Priority Based Budgeting, a proven methodology used by local governments and promoted by the Government Finance Officers Association to align fiscal resources with community priorities through data-informed decision making.

3(b) On June 17, 2025 City Council adopted the biennial budget for fiscal year 2025-2026 and 2026-2027 which included a reduced authorized full time equivalent staffing model of 217.75 positions. City administrators continue to review staffing models and opportunities for reductions and outsourcing.

The recommendation will not be implemented because it is not warranted or is not reasonable. 3(c) The City Council does not have the authority to direct other agencies to reduce expenses by deferring and/or reducing raises and considering other means of compensation. If "appropriate agencies" is intended to reference City Departments (e.g. Police Department, etc.) the compensation for employees in the "agencies" are governed by a memorandum of understanding (MOU) with the respective labor bargaining groups and the City will continue to follow state law when considering any changes to those MOUs.

FINDING 4

Benicia did not project enough funds for budgeted activities into the future, such as creating a five-year plan.

RESPONSE TO FINDING 4

The respondent partially disagrees with the finding. The City has regularly produced long-term financial forecasts projecting revenue and expense in periods of five or ten years. The forecasts consistently identified a budget deficit in outer years of the forecasts, but the deficits were not always realized due to availability of one-time funds to cover the variances.

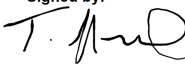
RECOMMENDATION 4

City administrators continue with plans to prepare budget projections at least five years into the future and submit timely reports, including projections, to the City Council.

RESPONSE TO RECOMMENDATION 4

The recommendation has been implemented. City administrators are continuing with plans to prepare budget projections at least five years into the future and submit budget reports to the City Council on a quarterly basis.

Sincerely,

Signed by:

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Trevor Macenski
Vice Mayor
Benicia City Council